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NEWS SUMMARY

GENERAL

Railway safety 'likely to worsen'

British Rail's safety standards are likely to deteriorate because of lack of investment, according to an official report.

BR's safety record was "not unsatisfactory" but maintenance work and track renewal has been deferred.

BR said its track renewal programme was about 200 miles a year behind schedule. It plans to close unsafe lines and estimates that about 3,000 miles could close in 10 years unless it gets the necessary funds. Back Page

Meat pledge

Workers in Piotrkow Trybunalski who threatened to go on strike were promised they would have more meat for Christmas than anywhere else in Poland. Oil well may burn for six months, Page 2

Police drive

A New Year police recruitment drive is planned for Southall, where teacher Blair Peach died in clashes between police and anti-National Front demonstrators. It coincides with a campaign to employ more coloured police in London.

Portugal's PM

Portugal's new Prime Minister was named as Sr. Francisco Pinto Balsemao. Page 3

New Minister

France's Co-operation Minister Robert Galley was also appointed Defence Minister. He succeeds Joel Le Theule, who died suddenly more than a week ago.

Coach overturns

A London-Felixstowe coach carrying mainly elderly people turned on to its roof near Ipswich. The driver had head injuries and two women passengers were slightly hurt.

Skiers killed

Two skiers were killed and six hurt in an avalanche at Les Arcs, France. Britons flock to Alpine resorts, Page 6

Docherty trial

Tommy Docherty's perjury trial was postponed from March 15 by a London judge so he can manage Sydney Olympia football club next season.

Appeal lost

Brixton prisoner Alan Rutty who went for a night on the town and was incapable of climbing back into prison lost his appeal against sentence.

Cash plea

Catholic families in Nagasaki are being asked to give £21 to help finance the Pope's visit to Japan next year. In Scotland, Bishop Francis Thomson of Motherwell was appointed to chair a council which will plan the Pope's visit in 1982.

Safety first

A technique to stop choking should be publicised because of the number of meals that will be eaten over Christmas, a coroner said. Pathologist Dr. John Torry said: "Give (people or yourself) a vigorous upward thrust with clenched fists . . . just above the navel."

Briefly . . .

Serious assaults on Northumbria police average nearly one a day.

Vigilante groups will be set up in Uganda to reduce the crime rate, the army chief of staff said.

Holiday flights were disrupted by Greek and Portuguese strikes. Page 3

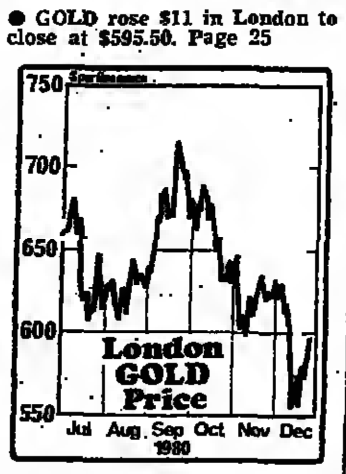
BUSINESS

Dollar weakens; gold up $11

● DOLLAR lost ground in thin trading to close at DM 1.9620 (DM 1.9750), and its trade-weighted index fell to 86.9 (87.4). Page 25

● STERLING recorded little overall change. It finished at $2.3520, and its trade-weighted index was 77.7 (77.6). Page 25

● GOLD rose $11 in London to close at $595.50. Page 25



● GILTS strengthened considerably as the dollar weakened. The Government Securities index rose 0.48 to close at 69.06. Page 28

● EQUITIES rallied near the close. The FT 30-Share index, 3.4 lower at 2 pm, finished at 464.6, down 1.9 on the day. Page 28

● WALL STREET was 8.28 higher at 945.48 near the close. Page 26

● MASSEY FERGUSON, the troubled farm machinery group, has had its Australian interests placed under the control of a receiver-manager. Back Page

● OUTPUT in Britain may be the poorest of any of the major European economies over the next two years, according to an Economic Models Group forecast. Page 6

● CHEMICAL production has fallen more sharply in Britain than in the rest of Europe and is expected to decline further next year, the Chemical Industries' Association says.

● BRITISH GAS Corporation is likely to fail in its bid to land gas from the North Sea Statfjord Field. Oil companies involved have selected Norwegian facilities, subject to conditions. Page 2

● KELLOGG, the breakfast cereal producer, will no longer have to ask the Government to approve planned price rises. Page 6

● TAXATION specialist Mr. Eric Meade, 57, is to become the next senior partner of Deloitte Haskins, one of the largest UK accounting firms. Page 8

● ARGYLL FOODS, the wholesale and freezer centre group, is to launch its fourth rights issue within two years to fund part of the proposed £19.5m acquisition of Oriel Foods. Page 19 and Lex, Back Page

● SCOTTISH & NEWCASTLE Breweries reports pre-tax profits down £3.3m to £19.3m, on turnover up £37.5m to £277.3m, for the six months to October 26. Page 18 and Lex, Back Page

AUDIOTRONIC, the electronics distribution group which has reported its third consecutive interim loss, is receiving "every co-operation" from its bankers but still cannot predict a return to profitability. Page 18

● WESTWARD TELEVISION's pre-tax profits for the year to July 31 are down from £791,000 to £760,000. Page 18

● PETBOW HOLDINGS, the generating and welding sets manufacturer, made a pre-tax loss of £552,000 during the half-year to September 30. Page 19

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			FALLS		
Excheq. 12¼pc '85	£97⅞	+ ⅞	Arlen Electrical	36	− 4
Excheq. 12¼pc '99	£93⅞	+ 1	Assoc. Comms. A	45	− 3
Allied Lon. Props.	174	+ 6	Boots	236	− 5
Colonial Secs.	350	+ 25	Brit. Home Stores	143	− 6
Dunlop	69	+ 5	Cornell Dresses	57	− 18
HK Shanghai Bank	163	+ 6	GUS A	456	− 15
Hong Kong Land	151	+ 13	ICI	326	− 4
Horizon Travel	126	+ 4	Irish Ropes	30	− 6
Hutchison Whampoa	140	+ 16	Lloyds Bank	328	− 6
Initial Services	201	+ 5	ML Holdings	280	− 10
Phoenix Timber	110	+ 10	Midland Bank	336	− 8
Standard Fireworks	80	+ 6	Royal Insurance	347	− 6
Trafalgar House	84	+ 3	Sekers Intnl.	29	− 3
Anglo-Amer. Gold	£53¼	+ 1¼	Wood and Sons	13	− 3
Welkom	881	+ 45	Candecca	222	− 10
West Drie.	£42⅞	+ 1⅞	Shell Transport	472	− 6
			Guthrie	690	− 35

Recovery period for industrial economies put at 18 months

BY ROBERT MAUTHNER IN PARIS

THE RECOVERY in the industrialised countries' economies will take at least 18 months to get under way. In the meantime, unemployment will rise to a record level, according to the latest forecasts of the Organisation for Economic Co-operation and Development.

The organisation's half-yearly economic outlook report, published today, is even more gloomy about the short-term outlook than it was in June. No longer hesitating to use a term from which it has shied away, the OECD economy has entered "recession" with declining Gross National Product likely to be recorded in the second half of 1980 in most major countries.

At the same time, unemployment in the OECD is likely to rise from about 23m to 25.5m by mid-1982, the new horizon for the OECD's forecasts, which has been extended from 12 to 18 months.

That will represent nearly 7.5 per cent of the member countries' labour force, compared with the previous peak of 5.8 per cent, reached this year.

Most of the brunt will be borne, as in the recent past, by young people. Another important result of higher unemployment is that periods of unemployment are becoming longer.

If the pessimism expressed by the OECD about the current situation does not come as a surprise, the predictions of "an extremely attenuated" recovery contradicts earlier OECD forecasts that the shallowness of the present recession would allow a relatively quick upturn to occur in 1981.

The organisation's experts are now saying tha the prospects are for no more than a weak recovery starting in the first half of 1981, which will eventually reach an annual rate of about 3 per cent for the area as whole in the firs thlf of 1982.

However, in 1981, the average year-on-year growth of the OECD area is expected to be no more than 1 per cent, which is no higher than in 1980. In three major member countries, West Germany, the UK and Italy, GNP is expected to decline next year compared with 1980. In the case of the Germans and Italians it is projected to grow again by the second half of 1982.

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Tories warned, Back Page

Dr. Sylvia Ostry, Canadian head of the OECD's economics and statistics department, said at a news conference that oil prices rises decided by the OPEC countries at their recent meeting in Bali, did not modify the OECD's main forecasts, although these had been prepared before the OPEC conference.

The organisation's predictions, based on the assumption that the price of crude oil would rise at the same rate as OECD inflation, had taken into account an increase of 11 per cent in the price of crude in 1981. The difference between the projection and the likely rise in average oil prices of 13 per cent in 1981—compared with the previous year—was not significant enough to affect the picture given by the report.

Dr. Ostry said one of the most encouraging features of the present situation was that member countries had been largely successful in avoiding the adverse effects on inflation caused by the first oil price shock in 1973-74.

By responding to the second round of oil price increases with synchronised tight monetary and fiscal policies, domestically-generated inflation appeared to have accelerated much less than might have been expected.

This does not mean that the OECD is satisfied with the progress made on inflation. The report says inflation will still be running at an annual rate of between 8 and 9 per cent by mid-1982 for the area as a whole, 1 to 1.5 percentage points higher than at the end of 1978, before the latest series of oil price rises.

Dr. Ostry said the most troubling aspect of the balance of payments picture was the widening deficit of the non-oil developing countries, forecast to increase from $50bn this year to $60bn in the first half of 1982. In some instances this could lead to financing difficulties, thus increasing the need for concessionary aid.

Extra £300m gilts created

By Peter Riddell, Economics Correspondent

AN ADDITIONAL £300m of gilt-edged stocks have been created as a precautionary move to allow the Bank of England extra leeway in managing the gilt market over the holiday period.

The issue is unconventional since the stocks—further tranches of three existing stocks with maturity dates in the 1990s—are not being offered for sale and will not be operated as total stock by the Government Broker.

The stocks will only be made available if the gilt market threatens to run away and to upset the relative balance of interest rates, generally known as the yield curve.

The normal response would be to offer a new gilt-edged stock for sale, but this is not officially regarded as practicable over the next 10 days in view of the disruptions of the holiday period.

Tap sell-out

It was stressed last night that this method of issue is a result of timetable problems and is not an experiment with a new sort of funding.

At present there is no tap stock after the sell-out of the 1989 issue on Friday, but the market is strong. Yesterday, prices of medium and long-dated stocks closed up to £1 higher—only £½ off the day's best.

The stocks, which will only be offered if this demand appears too exuberant, are 12¾ per cent Exchequer 1992, 12½ per cent Exchequer 1994, and 10½ per cent Exchequer 1997.

These particular issues have been selected because of their special appeal to domestic non-bank investors—City institutions and the public. Consequently, the stocks are available without the benefit of the next dividend payments which makes them more attractive on tax grounds but each of the stocks is not free of tax to non-residents. This is in order to reduce the attractions to overseas investors.

Lex, Back Page

£ in New York

—	Dec. 19	previous
Spot	$2.3510-3550	$2.3245-3265
1 month	1.55-1.70 pm	1.60-1.70 pm
3 months	3.10-3.25 pm	3.75-3.85 pm
12 months	3.75-4.00 pm	4.70-4.90 pm

U.S. 'concerned at treatment of hostages'

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

THE U.S. yesterday challenged Iranian assertions that the American diplomatic hostages were being properly cared for.

In trying to head off what U.S. officials see as a naked propaganda ploy by Iran, Mr. John Trattner, the State Department spokesman, stated that the U.S. had "reason to be concerned about the health and treatment of several of the hostages" who have now endured more than 14 months in captivity.

Far from being housed in luxury hotels or the residence of the late Shah, as has been suggested in Iran, a number of the hostages "may in fact be in prison," Mr. Trattner said.

He denied that the U.S. was considering breaking off negotiations with Iran, through Algerian intermediaries, for their release.

Although Mr. Edmund Muskie, the Secretary of State, described on Sunday the latest Iranian financial conditions for the release of the hostages as "unreasonable," Mr. Trattner said the U.S. would "continue our effort" to secure their release.

Mr. Trattner termed as "a falsehood" London newspaper reports that the U.S. and Iran would meet in the British capital this week to press talks on the financial terms—and specifically on the Iranian demand that the U.S. lodge about $24bn with the Algerian Central Bank to cover both the frozen Iranian assets and a sum said to represent the wealth of the late Shah which Iran wants returned.

At the same time, General Alexander Haig, the designated Secretary of State in the Reagan Administration, told a news conference yesterday that he fully intended to support both President Carter and Mr. Muskie in their attempts to secure the release of the hostages. General Haig and Mr. Muskie conferred yesterday morning in the State Department.

Mr. Trattner maintained that the principal reason for U.S. concern about the health of the hostages emanated from letters recently received from 34 of the 52 captives.

These demonstrated that some of the hostages were suffering from medical problems which were not receiving "adequate attention." He alleged that Iran had not even observed minimal international standards in the treatment of the Americans.

The U.S. had no direct evidence that Iranian officials had actually tortured or beaten any of the captives, he said. But it is clear that the U.S. is especially concerned about the 18 hostages from whom nothing has been heard recently.

On Sunday, Mr. Behzad Nabavi, spokesman for the Iranian Parliamentary Commission on the hostages, had claimed that they were all in splendid health and replete with all luxuries.

He had said Iranian television crews would soon be filming the hostages—with the film presumably to be disseminated over the Christmas period to show the humanitarian nature of their Iranian captors.

It is not sure whether American television would show such film as it has in the past. But the U.S. Government is intent on demonstrating in advance that such material is inherently suspect at best and incomplete in any case.

In dealing with the possibility that, failing a financial agreement, Iran might put some of the hostages on trial for espionage, Mr. Trattner reiterated that the U.S. continued to hold the Government of Iran "responsible and accountable" for the wellbeing of the American captives.

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Davy Corporation rejects £140m Enserch offer

BY HAZEL DUFFY AND JOHN MOORE

THE Davy Corporation yesterday rejected the £140m plus offer by the U.S.-owned Enserch Corporation. It said the offer was wholly inadequate and not in the interest of Davy shareholders, employees or clients.

Mr. Benjamin Brown, a financial vice president of Enserch, said yesterday that Enserch was disappointed by Davy's response. "We will proceed with our various regulatory filings in preparation for a formal offer to Davy shareholders."

Davy's statement, after the first full board meeting since the offer was announced on Wednesday, set the scene for a likely battle of words.

According to the statement, the board's rejection was unanimous and emphatic. Sir John Buckley, Davy chairman, said he had been astonished by the unsolicited approach from Enserch, which is involved primarily in oil and gas transmission and exploration. Enserch also owns the Ebasco contracting company.

Enserch felt the combined two groups would form a sufficiently large and powerful organisation to bid for the super-projects around the world.

But, Davy said yesterday that the group "has for some time qualified to bid for the world's biggest projects and has achieved conspicuous successes in competition with the largest engineering and contracting companies. Enserch adds nothing to Davy."

Enserch may produce its offer document by mid-January after completing its formalities with the Securities and Exchange Commission in the U.S. The group has already started to file documents with the Office of Fair Trading in the UK as part of normal investigation

Davy has also been approached by the Office and will submit documents. When the Office has concluded its investigations, it will recommend to the Department of Trade whether any further study is needed by the Monopolies and Mergers Commission.

Rumours of a counter bid have been circulating in the past week. But Sir John said yesterday that Davy has so far had no intimation of any other interest. Davy shares are standing 20p below the Enserch offer, which values them at 190p.

ICI overtime ban set to start next month

BY NICK GARNETT, LABOUR STAFF

OFFICIALS OF the seven unions representing the 44,000 blue-collar workers in ICI are telling their members to begin an overtime ban in all the company's divisions from January 19.

The decision, taken in an attempt to limit compulsory redundancies and further job cuts, and in protest at the company's general reaction to the recession, could disrupt some of ICI's operations even though there has been a marked reduction in overtime in the past six months. The overtime ban, however, will not be applied to continuous process or maintenance work.

Four thousand blue-collar jobs have been lost in the company in the past year. In October its unions were told that management was cutting slightly more

Continued on Back Page

ACAS intervenes in BL strike

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

TALKS aimed at ending the damaging strike which has halted BL Cars' successful Metro model will continue in Birmingham today.

This follows a last-minute intervention by the Government-backed Advisory, Conciliation and Arbitration Service.

Nearly six hours of negotiations between senior management and union leaders at Longbridge, Birmingham, made little progress in the dispute over eight men dismissed for their alleged role in damaging property and cars at the plant on November 21.

The company yesterday refused to make concessions in the face of the week-old strike by 1,400 workers who claim "victimisation" of their colleagues.

The Midlands region of the Transport and General Workers' Union was minutes away from declaring the dispute official, and risking another confrontation with BL, when ACAS telephoned to the union's West Bromwich headquarters to suggest further talks.

Telephone links secured both union and management agreement to attend a meeting today, but the room for manoeuvre seems limited.

The transport union, which backed Mr. Derek Robinson, the dismissed Communist convenor, sees the dispute as an issue of principle.

BL seems equally determined to assert its right to manage after the disorderly scenes at Longbridge when workers stormed the main administration building.

Union officials were warned yesterday that strikers who did not report for work on January 5 after the Christmas break would be deemed to have repudiated their contract of employment and would be dismissed.

Mr. Brian Mathers, Midlands secretary of the TGWU, said he was disappointed by the company's refusal to submit the issue to an independent inquiry.

Two members of the region's finance and general purposes committee would be attending the talks with ACAS and would be given authority to declare the strike official or take whatever action they thought necessary.

But Mr. Mathers made clear he was "prepared to explore any avenue to try to get a sensible solution."

Shop stewards and union leaders are clearly anxious to find a settlement to a dispute which could damage efforts to persuade the Government to commit a further £1bn of state finance to the company's recovery programme.

CONTENTS

OIL COMPANIES REJECT BRITISH OFFER

Norway favoured for Statfjord gas

BY WILLIAM DULLFORCE IN STOCKHOLM

OIL COMPANIES sharing the rights to the 84.1 per cent of the Statfjord Field situated on the Norwegian side of the North Sea yesterday recommended unanimously that the gas from the field be landed in Norway. They thus preferred the purchase offer from continental buyers to that made by the British Gas Corporation.

But at a news conference in Oslo, Statoil and Mobil, who form the operating team for the field, stressed that their choice depended on the Norwegian Government authorising early development of the so-called Golden Block, 34/10, and the Heimdal Field.

It would only be "economic and competitive" to land the Statfjord gas in Norway if the gas in these two other fields were pumped through the same pipeline, said Mr. Arve Johnsen, Statoil's managing director.

The state Oil Directorate in Stavanger has suggested previously that some smaller oil and gas fields, such as Hod, Valhall and Balder, should be developed before the Golden Block. The state oil company, Statoil, on the other hand, wants to bring the Golden Block into production quickly.

The issue is now with the Norwegian Oil and Energy Ministry, which has to make its recommendation to the Cabinet by February. The Government, in turn, must submit a proposal for the transport of the Statfjord gas to the Storting before Easter.

The field has recoverable reserves of about 400m tons of oil and over 40bn cubic metres of gas. Oil currently is being produced from one platform, with the gas being re-injected, but re-injection cannot continue, for technical reasons, beyond the end of 1985.

Mr. Johnsen would not confirm yesterday that the European gas consortium, led by Ruhrgas, had offered $5.50 (£2.40) per BTU for the Statfjord gas. But he said that the price escalation clauses in the continental offer would give the companies a better return in the 1990-1995 period than the British offer.

Ray Dafter, Energy Editor, writes: The British Energy Department said last night that it still hoped that gas from the Norwegian sector of the Statfjord Field would be pumped through the £1.1bn British pipeline system. The way was still open for this to happen

Denmark's GDP down 1%

By Hilary Barnes in Copenhagen

DENMARK'S gross domestic product fell 1 per cent this year, according to Bureau of Statistics estimates. Private consumption declined 4 per cent and private gross fixed investment by 15 per cent, in each case the sharpest setback in a single year for a generation. Public consumption increased by 3.5 per cent as did exports: imports fell by a similar percentage.

New car registrations in the first 11 months were 42 per cent down, to 70,456 compared with the same period last year.

Polish well fire may burn for six months

BY CHRISTOPHER BOBINSKI IN WARSAW

POLISH engineers, struggling to put out an oil well fire at Karlino on the Baltic coast, admitted yesterday that the operation could take up to six months. Soviet and Hungarian specialists are helping and talks have begun with North American experts on the terms under which they might assist.

The fire, which has been burning for 13 days, is at the head of an exploration well which officials estimate is yielding between 2,000 and 5,000 tonnes of oil a day.

The fire and attendant publicity have raised hopes in the country that the find may be big enough to help solve the country's economic problems, but geologists agree that this is unlikely.

According to Mr. Jozef Stemulak, at the Ministry of Mines, there are nine known oilfields in the area. The largest is said to contain 2m tonnes of oil. The others hold up to 60,000 tonnes each.

Polish domestic oil production is currently 300,000 tonnes a year, while imports total around 16.5m tonnes.

Oslo's policy on oil and industry in the melting pot

BY WILLIAM DULLFORCE, NORDIC EDITOR,

DO NOT look to Norway for lessons in how to use North Sea oil revenue to arrest a decline in manufacturing industry. Norwegian industrial output grew without interruption during the 1960s, reaching its peak in 1974. It slumped badly the following year and has still to return to the 1974 level.

In that year, offshore production was only just getting under way, and gross income from oil and gas exports was NKr 490m (£41m). In 1980 it will be close to NKr 45bn (£3.75bn). Norway's yearly revenue from offshore oil has grown from NKr 131m in 1974 to just under NKr 18bn.

The income has not been used to renew Norwegian industry, although official policy stated in 1973, when it was formulated, that the depletion of the offshore fields should be restrained, in order not to destroy the existing industrial structure.

A ceiling of 90m tonnes of oil and gas equivalent a year was indicated by the Storting (Parliament), and emphasis was placed on using oil money to develop an "alternative" industry for the day the oil ran out. Output this year will be about 55m tonnes.

What then has oil revenue been used for? Between 1974 and 1978, Norway borrowed heavily abroad against the security of its North Sea expectations, in order to maintain full employment and raise living standards. In three years up to the end of 1977, Norwegians' domestic consumption climbed by 19 per cent, at the same time as their industrial production fell by 3 per cent.

The mistakes were recognised. In 1978, the Labour Government switched to a stabilisation line and clamped on a 15-month wage and price freeze. Manufacturing output showed some improvement in 1979, but is now stagnating again.

Norway's industrial policy is back in the melting pot. The fire was stoked again this year by one of Norway's most eminent economists, Mr. Odd Aukrust, head of economic research at the Statistical Central Bureau and for many years chairman of the committee which did the groundwork for the national pay negotiations.

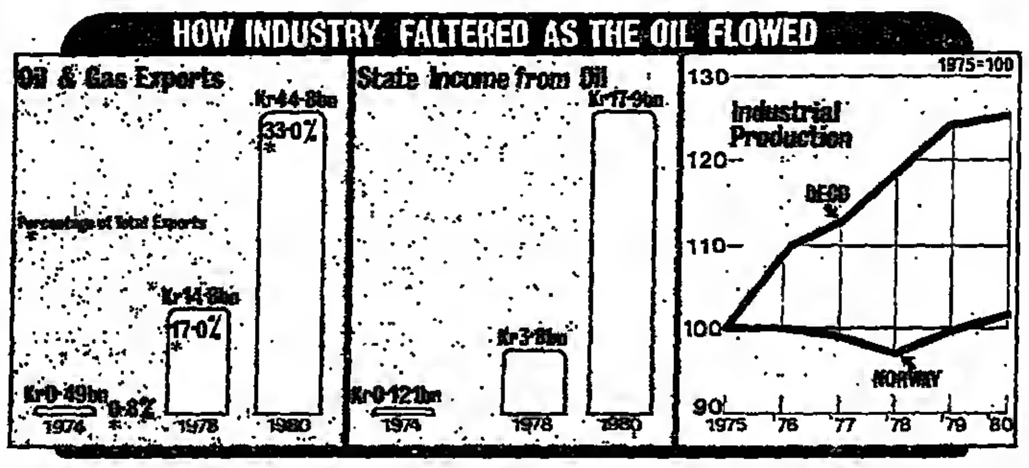
Norway had shuffled backwards into the oil age, Mr. Aukrust claimed in a provocative and challenging speech. The Government had acted inconsistently by announcing a policy and then doing the opposite. It had fallen for the temptation to spend the oil revenue, and the country was already slipping into an "oil economy."

Although Mr. Aukrust was calling for re-thinking and greater consistency, he was not making a moral judgment. Instead, he suggested that Norway might be attempting to do the impossible in trying to preserve the mainland industry from the effects of offshore oil wealth.

"Should we not accept that we possess the oil? Should we not without bad consciences use our oil revenues to make society better and with our eyes open accept the adjustments that must follow, even if they must lead to a considerable demolition of our productive resources?" he asked.

But, as a statistician, Mr. Aukrust does not lack figures to support his case. Oil now takes 15 per cent of gross investment, accounts for 33 per cent of Norway's exports of goods and services, pays for 45 per cent of imports, and provides the State with an income corresponding to its spending on goods and services.

What has happened on the other side of the balance? Not only has industrial output stagnated, the share of industry and mining in gross national product has declined from 23 per cent in 1972 to 16 or 17 per cent in 1980. Employment in businesses exposed to competition fell by 35,000 between 1974 and 1979, but rose by 190,000 in the so-called "sheltered branches." A steadily growing part of Norway's production of goods is being maintained through state subsidies



At this point, the differences between Norway and other North Sea producers must be emphasised. Unlike the British and the Dutch, who can look forward to self-sufficiency in oil and gas for, say, a quarter of a century, the 4m Norwegians at their indicated ceiling of 90m tonnes a year will be producing ten times their own needs. The latest discoveries suggest that their reserves will last for at least a century, while they have only just started to explore the immense area north of the 62nd Parallel.

When the Storting decided on a production ceiling of 90m tonnes a year, it was counting on an oil price of $8 a barrel, which would be equivalent to $15 today.

Norway also differs from Britain in its attachment to a policy of full employment. One instance in which the fears behind the oil policy formulated in 1973 have been realised is in the development of the relative costs of production in Norwegian industry.

According to the Ministry, the average annual increase in hourly earnings by Norwegian industrial workers between 1970 and 1977 was only 13.8 per cent, compared with 15.4 per cent for British workers. On the other hand, between 1972 and 1977 the effective exchange rate for the krone climbed by about 16 per cent.

Between 1970 and 1978, productivity in Norwegian industry showed roughly the same poor development as in Britain, in contrast to the much faster growth in, say, the Netherlands and West Germany. An improvement appeared with the wage and price freeze in 1979, but that was also preceded by a decline in the krone exchange rate from 1977 to the autumn of 1978.

This year the offshore oil workers' strikes for pay claims of up to 50 per cent underscored the difficulties of maintaining wage restraint in a tight labour market and of "protecting" mainland industry from offshore pressures on wage levels.

The policy of offering foreign companies oil concessions in return for industrial investment in Norway has given only marginal results. It has also been criticised by Mr. Aukrust as a means of introducing hidden and uncontrolled subsidies.

But the Government has not accepted Mr. Aukrust's argument that its oil policy is bankrupt, although a new White Paper on industry published this month does outline a change of direction towards deregulation and greater reliance on market forces.

It proposes to reduce corporate taxation by between NKr 400m and NKr 500m in 1981, and measures have already been taken to revive the Oslo stock exchange. The need for higher company earnings is recognised.

The Government is not abandoning the idea of industrial regeneration. An economy relying entirely on offshore oil would be extremely vulnerable to long-term stoppages in production, it argues. Moreover, some form of industrial manufacturing is needed to maintain the population spread the Government regards as desirable for political and strategic reasons.

The Government also appears to be moving towards the idea that oil revenues will have to be invested abroad. So far, it has tended to dismiss the argument that some thought should be devoted to planning capital exports by referring to the NKr 45bn in foreign loans which have to be repaid by 1984.

Others, however, feel government policy is inadequate. Mr. Johan Melander, who retired this year as managing director of Den norske Creditbank, has has set up a think tank of leading businessmen, researchers and heads of organisations to re-examine Norway's oil policy.

Professor Paul Samuelson of Harvard has agreed to act as consultant. The Norwegians are still looking for the answer to how to arrest industrial decline under the impact of North Sea oil.

'Fat One' in Spain pays out £240m

By Robert Graham in Madrid

EVERY SPANIARD'S dream of getting rich in the national Christmas lottery brought the country to a reverent silence yesterday as it listened to the results of a draw that distributed Ptas 44.3bn (£240m) in prize money.

Known as El Gordo ("The Fat One"), it is the world's largest single lottery.

Yesterday's first prize amounted to Ptas 9.75bn (£52m) and was won by people in the Alicante region of southern Spain. Tickets are issued in a series of 39, and all the winning series were sold from the small village of Almorade, near Alicante.

Each ticket costs Ptas 22,500 (£122) and is usually sold in tenths and then further subdivided among friends and family. Thus the winnings are usually widely distributed.

One bar in nearby Elche sold tickets which gained prizes worth Ptas 5bn (£27m), while the owners of the bar topped up winnings of Ptas 125m (£680,000)—the largest single amount won this year.

This is the lottery's 101st year and it has almost become a national ritual, with every Spaniard dabbling. The winning numbers are drawn in an elaborate ceremony, and then sung out in a high plainsong by children selected from a Madrid orphanage.

Galicia votes for autonomy

SANTIAGO DE COMPOSTELA—Galicians have voted for their isolated north-western region to become Spain's third autonomous zone, but with a lack of enthusiasm that could slow decentralisation.

Official figures put the abstention rate in yesterday's home rule referendum at 71.8 per cent.

Of those who did vote, 73 per cent favoured the autonomy statute.

Reuter

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هكذا من الأصل

Portugal's new Prime Minister, Sr. Francisco Balsemao.

Balsemao is named Portuguese Premier

BY DIANA SMITH IN LISBON

THE PORTUGUESE President, General Antonio Ramalbo Eanes, yesterday officially named Sr. Francisco Pinto Balsemao as the country's new Prime Minister. Sr. Balsemao, who is 42, succeeds the late Sr. Francisco Sa Carneiro who died in an air crash on December 4.

The new Prime Minister has indicated that he hopes to have formed his Cabinet by mid-January at the latest. At present he is approaching prominent personalities from the ruling Democratic Alliance, grouping Social Democrats, Christian Democrats and Monarchists, about the possibility of their joining the Cabinet, which must grapple with a number of serious economic problems.

Although the death of Sr. Sa Carneiro robbed the Democratic Alliance of its most forceful personality, and raised doubts about the long-term cobesion of the coalition, Sr. Balsemao has made it clear that he intends to form a strong, lasting government, which has a four-year term of office, and to maintain the Alliance intact.

The choice of the urbane and politically-moderate Sr. Balsemao as new leader of the Social Democrat party, the strongest component of the Democratic Alliance, has defused the dangerous tensions that had built up throughout the year between the Government and President.

There had been deep concern about the overt hostility of Sr. Sa Carneiro and Prof. Diogo Freitas do Amaral, the Christian Democrat Deputy Prime Minister, towards Gen. Eanes, whom they depicted as a Communist puppet.

Holiday flights disrupted by air traffic controllers

EUROPEAN HOLIDAY traffic was disrupted yesterday by industrial action among air traffic controllers in Greece and maintenance workers of the Portuguese national airline, TAP.

Greek controllers began a two-day stoppage, causing cancellation of some domestic and international flights, although the Government, invoking special powers, withdrew certain workers' right to strike in the hope of keeping airports open.

The controllers want revised pay schedules for working overtime, weekends and during holidays. The strike follows two other 48-hour stoppages in the past three weeks.

Demanding new pay scales, TAP maintenance technicians started an "indefinite" strike.

The 1,000 engineers said the strike would be called off immediately if the management agreed to open negotiations on the demands, which were first presented six months ago.

Agencies

Small rise in GNP forecast for U.S.

By Our Economics Staff

THE U.S. is likely to register a slow recovery from recession next year, with economic activity picking up gradually to reach an annual growth rate of about 3 per cent by the first half of 1982, according to the OECD forecasts.

Real growth in GNP next year is likely to total only ¾ per cent, compared with 1980. This year, a contraction of ½ per cent compared with 1979 is expected.

Underlying inflationary pressures are not expected to abate significantly, with increases in the GNP price deflator likely to remain around 10 per cent.

Persistent high inflation is the main factor preventing a more satisfactory performance of demand or output. Average rates of earnings increase in the non-farm sector are likely to remain in the 9-10 per cent range. High inflation and interest rates look likely to continue to hold back business investment.

Weak markets overseas may restrain export growth, and imports—which fell sharply in 1980—can be expected to rebound. However, oil price and exchange rate assumptions point to an improvement in the terms of trade, so that a continuing surplus of $10bn-$20bn is expected for the current account.

Real economic growth in Japan is expected to remain well above the OECD average at 3¾ per cent next year, although it will drop from this year's estimated 5 per cent.

Growth has weakened sharply in the second half of 1980 but a steady domestic demand-led recovery is forecast for the 18 months to mid-1982. The main driving force will shift progressively from business and public investment to private consumption.

The volume of merchandise exports is expected to expand by an average of nearly 8 per cent

With a steady increase in the deficit on invisibles, the reduction in the current account deficit is expected to be slow—from around $7bn at a seasonally adjusted annual rate in the second half of 1980 to $5.5bn in the first half of 1982.

Moderate recovery likely next year

BY DAVID MARSH

THE MAJOR industrial countries can expect only a moderate recovery from recession next year and further sharp increases in unemployment, as governments continue to grapple with the effects of the rapid rise in oil prices of the past two years.

The Organisation for Economic Cooperation and Development, in its latest bi-annual report on the world economic outlook published this morning, predicts that real economic growth in the 24-nation area will be about 1 per cent next year, the same as in 1980. The tempo of recovery, however, may speed up to a 3 per cent annual rate in the first half of 1982.

Modest growth next year will be more than offset by increases in productivity and a labour force rising at 1-1¼ per cent per year. So unemployment in the OECD area, which already rose by ¾ per centage points in 1980 to a rate of 6¼ per cent, could increase further to about 7¼ per cent of the workforce by the first half of 1982.

This would represent a total of 25¼m people out of work in the OECD area, compared with about 23m at present. The burden of increased unemployment is expected to fall particularly heavily on young people.

The gloom of the OECD Secretariat on employment prospects is mitigated by optimism on the inflation outlook. Measured by consumer price indices, inflation in the area is forecast to slow down to 9¾ per cent next year, from 11¼ per cent in 1980. Inflation could fall to 3 per cent by 1982 in West Germany, but could remain in, or close to, double figures in the UK and Italy. It also looks likely to remain at 9 to 10 per cent in North America.

The OECD notes that top priority within the industrialised countries remains the reduction of inflation. This aim has been helped by a moderation of real wage growth in most countries in the face of the loss of real incomes caused by the 150 per cent increase in oil prices during the 18 months to mid-1980.

GROWTH OF REAL GROSS NATIONAL PRODUCT IN OECD AREA

Percentage change from previous year (or half year in 1982—1st half)

	1979	1980	1981	1982 1st half
Total OECD	+3.3	+1	+1	+3
U.S.	+2.3	− ½	+ ¾	+3¼
Japan	+5.9	+5	+3¾	+4½
West Germany	+4.5	+1¾	− ½	+2
UK	+1.5	−2½	−2	0
France	+3.3	+1½	+1	+2½

Source: OECD Economic Outlook.

On the external front, the OECD foresees a substantial reduction in the OPEC current account surplus provided that there is no further explosive increase in oil prices. The oil exporters' surplus is likely to drop to $82bn next year from $116bn in 1980 and to $68bn at a seasonally adjusted annual rate in the first half of 1982.

As a counterpart to this reduction, the overall OECD deficit is predicted to drop to $40bn in 1981 from $73bn in 1980 and to $34bn at an annual rate in the first half of 1982.

The drop in the OECD deficit is likely to be reflected mainly in a fall in the deficits of the larger OECD countries, particularly West Germany and Japan. The U.S. looks likely to move into significant surplus.

The smaller OECD countries, on the other hand, are expected to record only a small contraction in their deficits during the next 18 months. Non-oil developing countries will probably face weaker export growth, especially if protectionism increases. Their combined deficit is expected to widen further to $56bn next year from $50bn in 1980.

The OECD says that these countries' widening deficits could cause financing difficulties in some cases and emphasises that the need for concessionary assistance will increase.

The OECD says that the recession in most advanced economies now appears to be bottoming out. The U.S. was first into recession with a first-half 1980 drop in GNP of 1½ per cent at an annual rate. Japan also entered a growth recession in the first half of the year, while in other countries output turned down in the second quarter or towards mid-year.

Two countries—Britain and Italy—are likely to show further GNP declines next year, although, for Italy, end-1981 GNP should be up on end-1980.

The OECD foresees two important sources of demand which will aid an "attenuated" recovery from recession.

First, the rate of growth of personal incomes should increase as inflation slows down. This should lead to an acceleration of private consumption. Second, exports to the non-OECD area should continue to grow, although this becomes less important towards the end of the forecast period.

The OECD's forecasts assume that exports to OPEC will increase by 18 per cent at constant prices in 1981, with the rate slowing towards 10 per cent in 1982. However, it notes that one of the risks behind the forecast is the possibility of OPEC spending being lower and OECD exports less buoyant as a result of the Gulf war and other factors.

The OECD also assumes that monetary and fiscal policies will remain broadly unchanged in the major countries. But, in the U.S., it assumes that the policy mix will shift with some tax cuts taking effect in 1981 and monetary conditions tightening. Both tax cuts and some monetary relaxation are assumed to take place in West Germany, while Japanese monetary policy is also anticipated to ease.

In an effort to quantify the effects of the 1979/80 round of oil price increases, the Secretariat says that the end-1981 level of OECD gross national product will be about 6¼ per cent—or some $550bn—below what it would have been in the absence of the price explosion.

The oil shock itself may have accounted for some 4¼ percentage points of this. The general tightening of fiscal policies with which governments reacted to the oil price rises, as part of an effort to prevent the inflationary impact becoming "built-in," accounts for the remaining 2 percentage points.

The OECD says that the stance of fiscal policies has probably swung towards restriction this year and is projected to move further in this direction next year on the basis of present or announced policies. This restriction, however, is likely to be offset by recession-induced "automatic stabilisers"—lower tax receipts and spending increases—so that budget deficits may actually increase next year.

The uniformly tight monetary and fiscal stance adopted by the major countries looks as if it may prove relatively successful in containing the secondary inflationary consequences of the oil price rise, the OECD says. Additionally, for the time being at least, the OECD area current account deficit has been distributed in a way that has not raised particularly difficult financing problems.

Almost 7.5% of workers could be unemployed by 1982

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

UNEMPLOYMENT in the 24 countries of the OECD area may increase over the next 18 months by a further 2½m, perhaps levelling off at around 25¼m, almost 7½ per cent of the labour force, in the first half of 1982.

The unemployment projections form the most gloomy part of the latest forecasts. The starting point of the analysis is that the expected recovery of demand from next year onwards should, given the projected generally weak trend of productivity, result in a net addition of perhaps 3m jobs in the OECD as whole.

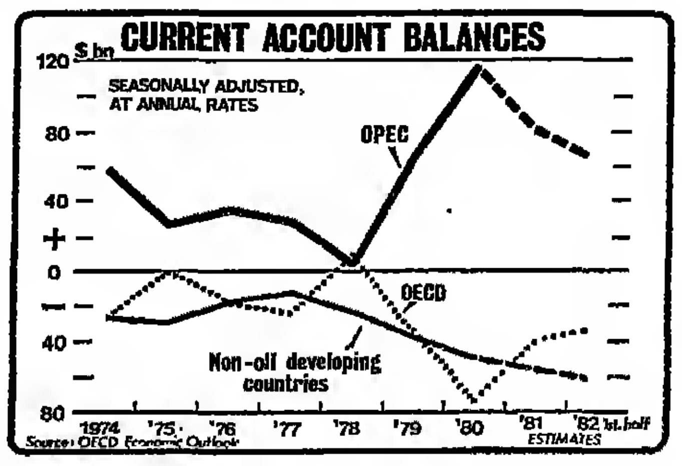
This could be made of an increase of nearly 4m jobs in North America and Japan, a loss over 1m jobs in the four largest European countries and smaller gains elsewhere.

This net growth of employment is expected to be insufficient to absorb the growth of the labour force in the area which may amount to 5m or 6m over the next 18 months.

Much of the consequent increase in unemployment is expected to occur in the larger economies. There has been a cumulative process of deterioration in the seven largest economies (the U.S., Japan, West Germany, France, the UK, Italy and Canada). Their average unemployment rate was 2.9 per cent of the labour force in the 1960s and 4.3 per cent in the 1970s and is now expected to rise to 6 per cent by mid-1982.

Much of the brunt has been, and will probably be, borne by young people, whose unemployment rate is typically double or treble that of adults. In the seven largest economies the percentage unemployment rate among people aged up to 24 was 12 per cent in the middle of this year.

In many countries, older workers are customarily more than proportionately represented among the longer-term unemployed but their share has clearly been falling except in West Germany,



Israel curbs its military spending

BY DAVID LENNON IN TEL AVIV

ISRAEL'S armed forces have doubled in size since 1973, but now face major cuts. The Government has finally decided to cut local spending to curb soaring inflation.

Despite warnings by the general staff that severe budget cuts will impair the army's defence capability, the Cabinet's inner economic committee has approved only two-thirds of the Defence Ministry's budget request for 1981-82.

Defence spending has hitherto been regarded as sacrosanct, with few politicians willing to challenge the army's demands. But with inflation running at an average of 180 per cent for the past three months, the Cabinet felt it had no choice but to curb domestic defence spending, which accounts directly for about a third of the overall budget.

The politicians were willing to overrule the army first because they believe that the peace treaty with Egypt and the poor showing of the Iraqi army in the Gulf War have reduced the military threat to Israel, and, second, they know Israel cannot continue to bear huge defence costs.

The Cabinet was encouraged to cut defence spending by the backing it received from Gen. Ariel Sharon, the Agriculture Minister, and the Cabinet's leading hawk, and Mr. Mordechai Zippori, the Deputy Defence Minister. They both believe the army could be reduced in size and made more efficient.

In this fiscal year, 32 per cent of the budget went directly for defence, 16 per cent of total resources or about $1,000 a head. This, a local analyst says, is four times as much as any Atlantic Alliance country and five times as much as in the Warsaw Pact. Israel has more tanks, combat aircraft and armoured vehicles than Britain.

The Cabinet has agreed to allocate about $2bn for local defence spending next year. But to this must be added the cost of military imports, mostly from the U.S. In the seven years since the 1973 war, Israeli defence imports have totalled almost $15bn.

U.S. aid has covered over 65 per cent of the cost of these military imports. In 1981, Washington will give Israel $1.4bn in military aid, of which $500m will be a grant and the remainder a soft loan. In addition, Israel will receive almost $800m as a civilian grant. This $2.2bn is separate from the $3bn allocated by the U.S. to cover the cost of Israel's withdrawal from Sinai.

But U.S. generosity has saddled Israel with an additional economic problem, in that a further third of the overall budget is spent on servicing and repaying the foreign debt, most of which was incurred for military purchases.

Servicing foreign loans is not subject to budget cuts, and foreign purchases of military equipment depend mainly on U.S. aid. Thus defence cuts have had to be made domestically.

The Treasury says next year's defence budget is the same as this year's. The army says it is inadequate, as the adjustment for inflation will not take into account increases in fuel prices and other costs which have risen and continue higher than the average in the local price index.

The International Institute for Strategic Studies in London estimates Israel's armed forces at 165,000 men and women, and the general staff has warned the budget cuts will probably lead to a reduction by 10,000. The generals also point out that 15,000 to 20,000 more people will be laid off by the military industries because of the cutbacks in local purchases by the defence forces.

This will be particularly noticed in the shelving of plans to build the Lavie aircraft and in a slowdown in replacing aging aircraft and tanks with the locally made Kfir jet fighter and the Merkava battle tank.

Senior commanders have said flying hours for pilots will have to be cut, as will training time for other branches of the defence forces.

They have also expressed deep concern over the fact that the refusal to grant their budget request will lead to depletion of the ammunition and equipment stocks built up after the 1973 war, during which Israel was literally running out of bullets and shells in the middle of the fighting.

Gen. Ariel Sharon: backed defence cuts.

The Chief of Staff, Maj.-Gen. Rafael Eitan, has stated bluntly that all this will weaken Israel's defence capability. But the politicians are finally convinced that a strong economy is as essential as a powerful army. Politicians have recently been quietly repeating the slightly sour joke about whether the country has an army or the army has a country. Harsh economic realities have clearly forced them to make a choice.

Interest rates boom as NY changes credit law

BY DAVID LASCELLES IN NEW YORK

THE MULTIBILLION dollar consumer loan business in New York State is being shaken up by a new law which abolishes decades-old interest rate ceilings and effectively allows the banks to charge what the market will bear.

The new law takes effect in two stages. Instalment loans, like car loans, were freed from December 1. Charges for purchases made with credit cards like Visa and Master Card may be raised from January 1, but banks must give 30 days' notice of any changes in interest rates, so borrowers will not have to pay the new rates until the end of the month.

The first bank to take advantage of the law was Citibank, New York's largest bank, which led the campaign for the abolition of ceilings, on the grounds that they were making consumer finance uneconomic and might eventually cause it to dry up altogether.

It raised rates on instalment loans from the maximum 12 to 13 per cent (depending on type and term) permitted by the old laws, to 17 to 19 per cent. All major banks followed suit fairly quickly.

A few days later Citibank said it would raise rates on credit cards from the previously permitted 18 per cent on the first $500 and 12 per cent thereafter, to 19.8 per cent all round.

But Chase Manhattan, New York's second largest bank, came in below Citibank with 18 per cent all round, causing speculation about the rate which other big consumer banks will adopt.

A spokesman for Manufacturers Hanover Trust, No. 3 in the city, said yesterday that his bank was watching developments carefully, and was unlikely to make an announcement until next month. Similarly, Chemical Bank said it would not say anything until after Christmas.

The sharp increase in consumer financing costs is expected to be a big dampener on sales of consumer items, particularly household appliances and cars, at a time when the economy is already faltering under the burden of record interest rates.

The new round of concern at Chrysler is largely due to the recent surge in financing costs and the slump in the car market. Retail stores are also concerned about the prospects, particularly since Christmas sales have been lower than expected.

However, the hope is that once interest rates come down, competition among the banks for consumer loan business will cause them to shave a few percentage points off these initial levels.

Gulf war stalemate expected to continue

By Our Foreign Staff

THE GULF WAR has entered its fourth month with little sign of military movement or political compromise. Iraq has captured several hundred square miles of territory but has failed in its bid to take three key towns in the province of Khuzestan.

Iran has put up a rather better defensive action than had been expected and has to some extent reorganised its military command structure, but is probably incapable of launching an effective counter-attack.

The onset of winter rains merely confirms the military stalemate. Neither side will find it easy to move artillery or armour over the marshy plains of Khuzestan for the next three months and will have to settle for long-range shelling and occasional harrying action by infantry. At least until the spring the hopes of Baghdad and Tehran will rest on domestic pressures achieving their initial aim—the overthrow of the opposing regime.

In the absence of any strong military or economic pressures, the mediation efforts of the non-aligned movement and the Islamic Conference have met with predictably little success.

President Saddam Hussein is firmly in control of Iraq but the pressures on him are bound to grow. He failed to deliver what was expected to be a quick victory, and still does not fully control the Shatt al-Arab waterway over which Iraq claims sovereignty. The Iraqi armed forces have also taken greater casualties than expected and their credibility must be under severe strain.

Iran, meanwhile, shows no sign of softening its conditions for coming to the negotiating table. It insists that Iraq must withdraw totally from Iranian territory and that the regime of Saddam Hussein should be replaced.

Unless external events force some change in the attitudes of the two Governments, or either leadership feels sufficiently threatened domestically to escalate the conflict, there is no reason why the present stalemate should not continue well into the new year.

Mao's name linked with 'catastrophe'

BY TONY WALKER IN PEKING

CHINA'S Government-controlled Press has at last stated the unmentionable—that Chairman Mao personally launched and led the great proletarian Cultural Revolution, now openly described as a catastrophe by China's leadership.

The People's Daily, the Communist Party newspaper, in a long front page article yesterday stated that Mao was responsible for what is officially being referred to as 10 years of chaos in recent Chinese history.

"In his late years, especially during the Cultural Revolution which he personally launched and led Comrade Mao Tse-Tung made mistakes, bringing great misfortune to the party and the people," the article said.

The People's Daily commentary indicates an acceleration in the process of de-Maoisation which has been a feature of Chinese politics through most of this year. The specific criticism of Mao is also significant because it coincides with the last stages of the Gang of Four trial.

Jiang Qing, Mao's widow, is one of the four on trial before a special court in Peking on charges of criminality arising from the Cultural Revolution. The Gang of Four are accused of persecuting thousands of officials, plotting armed rebellion and framing party and state leaders.

Attempts by the Chinese leadership to explain that Mao was not involved in the activities of his wife and her radical colleagues are not proving particularly convincing.

The reference to Mao in the People's Daily is the boldest yet, suggesting as it does, that the former Chairman must accept responsibility for some of the excesses of the Cultural revolution, launched in 1966 as a movement against so-called "bourgeois elements" in the party leadership.

The Cultural Revolution was used to cut down several of Mao's leadership rivals, among them Liu Shaoqi, the former Head of State, who died in jail in 1969.

The People's Daily article again seeks to detach Mao's responsibility for Cultural Revolution excesses, from the alleged criminal activities of the Gang of Four. "Not only him, but also some comrades of our party made mistakes," the article said, "but these mistakes are different from those of (the Gang of Four)."

The Gang of Four trial may well have brought to a head the question of Mao's responsibility for some of the worst features of the Cultural Revolution during which leaders were hounded from office, schools and universities were closed and industrial production was thrown into confusion.

It is widely rumoured in Peking that Madame Mao has offered as one of her defences the excuse that she was acting under orders from the Chairman himself. Jiang Qing's supposed references to Mao during the trial have not been broadcast or published

Japan plans 6.6% defence rise

BY RICHARD C. HANSON IN TOKYO

JAPAN'S Ministry of Finance yesterday announced an austere draft budget for next year which will limit defence spending to an increase of 6.6 per cent over the 1980 level. The budget also calls for niggardly rises in welfare spending, and a heavier tax burden, as the government cuts back on massive deficit spending.

Defence has become a main point of contention in compiling next year's budget, mostly because of pressure from the U.S. and others to increase spending. The Defence Agency originally requested an increase of 9.7 per cent in next year's budget which the U.S. tended to regard as the bare minimum needed to substantially improve Japan's defence efforts.

Mr. Zenko Suzuki's cabinet appears to have felt, however, that defence spending cannot be totally exempted from general belt-tightening. The Defence Agency will try to negotiate to restore some of the cuts in its original request over the next few days before final Cabinet acceptance of the draft.

The agency has already stepped back from its earlier demand that spending should rise 9.7 per cent above a 2.2 per cent increase in Government salaries next year which is not included in the defence budget. The agency is now asking, in effect, that spending should rise 7.5 per cent plus the 2.2 per cent salary increase.

The overall increase in the proposed national budget has been kept to 9.9 per cent—the smallest rise in more than two decades. The Government's prime concern is to reduce its dependence on the issuing of national bonds to cover shortfalls in revenue.

For the first time in four years, the ratio of bond issues to the budget will fall below 30 per cent to 26.2 per cent (representing Y12,270bn (£25bn). At present, the Government plans to increase revenues through higher taxes, higher fares for public transport and other means.

Welfare spending increases are being held down to the same 6.6 per cent rate as defence in the finance ministry draft, compared with a 7.7 per cent rise in the current budget. Public works spending is almost unchanged from this year's level.

Growth of 4.8% is export-led

BY CHARLES SMITH IN TOKYO

MORE THAN two-thirds of the economic growth achieved by Japan in its current fiscal year will come from its external sector—from expansion of exports and stagnation of imports according to figures released yesterday by the Economic Planning Agency.

The agency estimates that the economy will grow by 4.8 per cent overall, thus achieving the Government target for the year. Only 1.5 per cent of this, however, will come from the domestic sector. The external sector will contribute the remaining 3.3 per cent although, in absolute terms, it accounts for by far the smaller portion of total gross national product.

Japan's 1980 economic growth has thus been export-led, in the same way as its economic recovery after the 1973 oil crisis.

A senior planner said yesterday that Japan would correct its over-dependence on exports in fiscal 1981 and would achieve moderate economic growth mainly on the strength of improved domestic demand. The official target for the year of 5.3 per cent, breaks down into a 4.0 per cent contribution from the domestic sector and 1.3 per cent from the external sector.

Faster growth at home will result, according to the Government, from improved consumer demand, which will reflect greater price stability, and from a revival in housing expenditure.

12 killed in Lebanon shelling

BEIRUT—A truce between Syrian troops and Christian militia came into effect in the eastern Lebanese town of Zahle yesterday after some of the heaviest fighting seen in the country for the past two years.

The state-run Beirut radio said the truce came into effect after President Elias Sarkis spoke with his Defence Minister and military commanders. But neither side had withdrawn from the town and its residents were still reported to be sheltering in basements.

Two Syrian brigades numbering 6,000 men, backed by tanks, had ringed Zahle, about 30 miles east of Beirut, and opened fire with artillery and heavy mortars. Syrian helicopters dropped commandos in several districts.

The fighting broke out on Sunday after civic leaders in Zahle refused to surrender gunmen accused of killing five Syrian soldiers in an ambush on Friday. A militia radio reported that 12 people had been killed and 32 wounded by the Syrian bombardment.

About 30,000 Syrian troops, constituting an Arab peace-keeping force, have been stationed in Lebanon since they intervened to end the 1975-76 Lebanese civil war.

Reuter

St. Louis bank drops prime rate

SOUTHWEST BANK of St. Louis, a relatively small bank, cut its prime lending rate to 20 per cent yesterday. Nearly all major U.S. banks are charging 21.5 per cent at present, AP reports from St. Louis.

Rates in money markets declined sharply late last week, as the prime rate was rising, in the hope that interest rates had peaked.

Car output gloom

Planned car production in U.S. plants for the first quarter of 1981 has been slashed again, AP reports from Detroit. The five major U.S. companies now are scheduling 1,853,000 cars in the first three months of next year, a 3.2 per cent cut from 1,914,000 planned on December 8, Ward's Automotive Reports said. Actual production could be as low as 1,775,000, the journal said.

Crash warning

An anonymous telephone call hours before take-off warned of the crash of a Colombian aircraft in which 68 people on board died, an airline spokesman has said, AP reports from Bagota. The aircraft crashed on Sunday in the remote Guajira desert about 500 miles north of Bagota, moments after its pilot reported an explosion aboard, airline officials said.

Chrysler asks for union pay freeze

BY PAUL BETTS IN NEW YORK

LEADERS OF the United Auto Workers Union held urgent consultations with local union representatives of the Chrysler Corporation yesterday to consider the financially-troubled car group's latest request for a package of wage and benefit concessions to help it apply for additional Government aid.

Chrysler is asking the union to accept wage freezes and the elimination of cost-of-living adjustments which it claims will save the company about $600m (£259m). This package is a key component in a series of drastic cost-reducing measures which the car company is expected to submit today to the Chrysler Loan Guarantee Board in Washington as part of its application for an additional $400m in federal loan guarantees to alleviate its mounting cash crisis.

Although Mr. Douglas Fraser, President of the United Auto Workers, said before yesterday's meeting of the 250 local Chrysler union delegates that he would recommend the reopening of negotiations on Chrysler's current labour contract. He suggested that the union would probably reject Chrysler's initial proposals, unveiled last week, for a wage freeze and the elimination of cost of living adjustments.

Mr. Lee Iacocca, Chrysler's chairman, has asked the union to hold down hourly wages, including fringe benefits to $17.31 next year, compared with $20.45 under the current contract, and down to $17.52 an hour, compared with $22.11, for the first nine months of 1982.

But while the troubled No. 3 U.S. automaker has presented these measures as a "pay freeze," the union is claiming that by proposing to stop paying cost-of-living adjustments already accumulated under the present labour contract, Chrysler is in fact asking for a pay cut.

In these circumstances, it seems highly unlikely that the union will accept Chrysler's latest proposals, as the cost of living issue could set an important precedent. Indeed, both Ford and American Motors, which like Chrysler have been hit by the latest slump in U.S. car sales, have indicated they also plan to ask the union for special concessions.

Chrysler, which is expected to lose $1.7bn this year, a record for any American corporation, has now put together a proposed package of cost reducing measures aimed at saving the company a total of more than $1bn over the next 20 months. But it is unlikely that the Federal Loan Guarantee Board will approve quickly the company's request for additional help.

Canadian province challenges tax

BY VICTOR MACKIE IN OTTAWA

THE BRITISH Columbia Government is to withhold about C$158m of the Federal Government's natural gas excise tax.

Mr. Bob McClelland, the British Columbia Energy Minister, said that the province may also withhold the excise tax applied to gas exported to the U.S.

The federal excise tax of 30 cents for 1,000 cubic feet of gas was imposed on November 1 on all natural gas used in Canada. The export tax does not take effect until February 1.

The British Columbia action is the first direct challenge to federal pricing policies, which were announced in conjunction with the November Budget, since Alberta decided to cut oil production by 15 per cent during the nine-month period.

Officials in British Columbia say the federal Government has overstepped its authority in levying proposed excise taxes on natural resources under development by BC Crown Corporation.

Mr. McClelland said that BC Hydro and BC Petroleum Corporation, the marketing agency for natural gas produced in British Columbia, would not pay federal taxes on domestic sales of natural gas or natural gas liquids.

Private gas utilities will have to continue collecting the tax in BC and paying it to the federal Government. Mr. McClelland said that the private utilities will collect C$131m in taxes over a three-year period.

Mr. Allan Williams, BC Attorney-General, said he will defend the province's position in the courts on the basis that the taxes are unconstitutional.

"Of course Ottawa may decide to launch its own proceedings when we refuse to pay the tax," Mr. Williams said.

He claimed that Ottawa is barred from taxing a provincial Crown corporation by section 125 of the British North America Act. He said the section also forbids taxation of a federal crown corporation by a provincial government.

Jamaica confronts the problems of poverty, drugs and guns

BY HUGH O'SHAUGHNESSY

MR. EDWARD SEAGA's supporters are still euphoric about the victory of his conservative Jamaica Labour Party over Mr. Michael Manley's social democratic People's National Party in the October general elections.

"Things changed overnight the day he was elected," one excited accountant told me in Kingston. "He's a very great man, you know."

"Eddie, we ready," say the slogans on the walls of that part of the city controlled by his men.

The enthusiasm is not confined to the island. The Inter-American Development Bank, which has a fine nose for political developments, has tidings that it has made Jamaica a U.S.$23.5m soft loan, over 35 years at 2 per cent, for oil exploration.

The International Monetary Fund, with which the Manley Government broke off relations in March and which subsequently had talks with Mr. Seaga when he was still leader of the Opposition, has rapidly sent a team back to Jamaica to restart talks on J$600m (U.S.$350m) of new credits to the Government.

In the U.S. many businessmen and many of the communications media have treated the victory of the right and the humiliation of the social democrats as a triumph of good over evil, a major coup for the West in the troubled Caribbean.

Jamaica's new Prime Minister is making the most of the enthusiasm which accompanied his rise. He has launched the ambitious idea of a Caribbean "Marshall Plan," financed by North America and Western Europe. The total package would, if it came to pass, mobilise U.S.$3bn for the area. He clearly sees himself as a regional as well as a national leader.

He will certainly need all the good will and leverage he can muster, for enormous problems face him at home.

The island's short-term debts exceed its reserves by U.S. $0.5bn, the foreign debt is about U.S. $1.5bn, and the trade deficit this year could come to U.S. $300m.

The commercial banks are talking hard to the Government, which wants no worse terms than those given, Mr. Manley earlier in the year: a rollover of repayments of principal on 87.5 per cent of the debt against a government undertaking to continue paying all interest due, and the repayment of the remaining 12.5 per cent of principal.

Such is the expectation engendered by a victory in which Labour won all but nine seats in the 60-seat lower house that Mr. Seaga cannot allow a further fall in living standards to disappoint his supporters. Nevertheless, maintaining living standards, let alone improving them, will be difficult, even with help from the bankers. Increasing prices for oil, all of which has to be imported, will constantly strain finances, despite Venezuelan and Mexican aid, and only a small amount will be left for other imports.

No Jamaicans need hope that imports, cut drastically during the last months of Mr. Manley's administration, will rise again after the new credits. Import controls are likely to continue, and the authorities have warned that foreign goods, including such vital items as school textbooks, will continue to be expensive and in short supply.

While Mr. Seaga continues his juggling act with foreign creditors, he will need all his political tact to keep trouble at bay within his own party. Mr. Seaga comes from the Labour Party's right wing and his rapport with the powerful union wing, in the Bustamente Industrial Trade Union, is seen as being not close.

Violence is closely linked with traffic in marijuana, a sacramental herb for Rastafarian Jamaicans, above.

The union's affections are considered to lie with Mr. Hugh Shearer, the former Prime Minister, now Mr. Seaga's Foreign Minister, and who, according to some, could be a challenger if Mr. Seaga lost the Party's confidence. The Prime Minister will have a supremely difficult job in trying to reconcile the union wing's hope of pay increases wit the International Monetary Fund's demands for financial stringency.

Overhanging all the problems are the interlinked questions of violence, which claimed several hundred lives in the run-up to the election, and the cultivation of marijuana, ganja as it is known in Jamaica.

Ganja has brought a new prosperity to large parts of rural Jamaica hitherto unaffected by development plans, and has also allowed some Jamaicans to build up large sums in foreign currency. At the same time, such amounts of illegal money have corroded public morality. Ganja profits have been used to import machine-guns and other weapons for rival gangs of drug traffickers and the supporters of the rival political parties. Gang warfare between Labour and National Party thugs has existed for decades, but has become more vicious as spending on guns has increased.

As Mr. Seaga grapples with ganja and guns, he can take some comfort from the discomfiture of his political foes. People's National Party leaders suspected they were likely to lose the election, but few were pessimistic enough to forecast they would win only eight seats in the House of Representatives. Jamaica's first-past-the-post system exaggerated their defeat—the National Party picked up more than 40 per cent of the votes cast—but that was little solace.

The past weeks have seen agonised heart-searching, with the party's Right wing accusing the Left of getting too close to Marx for most voters, and reflecting that Mr. Manley's close relationship with President Fidel Castro of Cuba proved an electoral liability. The National Party leader most often in the firing line has been Mr. D. K. Duncan, the party secretary and a leading Left-winger. His position has been all the more difficult, in that he had built a solid reputation as an organising genius in the 1972 and 1976 elections.

Mr. Tony Spaulding, Construction Minister in the Manley Government, claimed the party had become so lax about organisation in the latter period of its rule that it had been held together by the women's organisation and the youth wing.

When it became clear how great the National Party's electoral reverse had been, it was inevitable that Mr. Manley's future as leader should become the subject of speculation. Some said he would soon join some international organisation. But, after the election massacre, if Mr. Manley had departed, his party would have been in deep trouble in Parliament. He quickly announced he would stay in Jamaica to fight again, and Mr. Duncan, too, has fought off criticism and stayed at his post. The party, though, is still in a state of shock.

ECGD to boost premium rates to offset losses

BY OUR WORLD TRADE STAFF

THE EXPORT Credits Guarantee Department will raise premium rates for its credit insurance and finance facilities in order to produce an overall 15 per cent rise in annual income, the department said yesterday.

The aim behind the move was to generate revenues that would offset the worsening balance on premium income and value of claims paid.

"These measures have become necessary as a result of the ECGD's sustained support of UK exporters throughout a period of worsening international trading conditions," the department said.

Premium income, for example, was £151.8m last year, an increase from £108m in 1978-79 and £102.8m in 1977-78; however, this compared with an even larger growth in the value of claims paid, which last year rose to £263.8m, up from £133.6m in 1978-79 and £94.2m in 1977-78.

The department noted that this was only the fourth premium increase since the end of World War II, although the last was as recently as April, 1979.

The increased charges will come into effect mainly from April 1, 1981, and will vary in their application according to the type of ECGD policy and the individual policyholder's record of claims in recent years.

The Department explained that exporters with good records will not face increases of more than about 5 to 10 per cent. There will also be an improvement at no extra cost in the margin of short-term cover available to exporters selling in foreign currencies.

The rise in premium rates was one of a package of moves undertaken by the ECGD to help it continue to operate on a self-financing basis.

The ECGD said it was in the process of streamlining operating procedures in order to reduce costs for the department and for exporters: it was also introducing new provisions within comprehensive policies to enable it to react more quickly and with greater flexibility when a market—such as Iran—deteriorated.

EEC 'to blame' for failure of credit talks

TOKYO — Japanese Government officials said they are bitterly disappointed at the failure of 22 major industrial nations to resolve a conflict over export credits.

The officials laid the blame for the breakdown in talks in Paris last week on the intransigence of the Common Market countries to accept a compromise offer on raising interest rates on export credits.

They said that the inability to find a common approach to setting interest charges for borrowing nations will leave industrial countries no choice but to continue with widely different policies that will hurt most countries with high interest rates, like the U.S., Canada and Britain.

The officials saw little hope of reaching agreement on the credit issue, which was urged at the economic summit meeting of the seven major industrial democracies in Venice last summer, even when the 22 countries meet again in May.

They said this would mean the problem would emerge as a controversial topic at the next economic summit to be held in Ottawa this summer to be attended by the U.S., Japan, Britain, Canada, Italy, France and West Germany.

The 22-nations in the Organisation of Economic Co-operation and Development (OECD) ended two days of talks in Paris without reaching any agreement on how to go about establishing a new formula to bring the subsidised interest rates more in line with current market rates, where the bulk of the funds are raised.

Reuter

Bank to sponsor UK trade mission

By Rhys David

Standard Chartered Bank is to sponsor a trade mission from the north east of England to Hong Kong in May, making good part of the cut in funds for missions available in 1981-82 from the British Overseas Trade Board.

The BOTB has had its own budget reduced as part of the Government's economy cuts and has told the North of England Development Council (NEDC), the promotional body for the north east, that it will be able to support only six missions out of the total of 12 planned from the region in the next financial year. Regional bodies in other parts of the country have been informed of a similar reduction.

The NEDC has organised 47 missions since 1975 and claims that on-the-spot orders for businesses in the region, worth more than £16m together with follow-up business worth a further £250m, has been achieved or is in the pipeline. The council is hoping that Standard Chartered, Britain's biggest independent overseas bank, will be sufficiently pleased with the business it generates itself from the mission in May to consider further sponsorship. Other private-sector backers are also being sought to enable a full 1981-82 programme of around a dozen missions to be mounted by the region.

Mr. John Hobbs, director of NEDC, said the alternative to private sponsorship would have been fewer export orders and accelerated job losses.

Standard Chartered has not disclosed how much it will be making available, but the funds will be used to help cover the mission's running expenses.

About 20 companies are expected to take part in the mission. Most of them will come from the north-east but any spare places will be offered, as on previous missions, to companies in other parts of the country. The mission, and any others that attract private sponsorship, will be able to draw on the services normally provided by BOTB in Britain and will also receive assistance from the board's overseas posts.

UK agrees price for Algerian gas

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE BRITISH GAS Corporation has agreed to pay Algeria $4.60 per million BTU for supplies of liquefied natural gas (LNG) in the first half of next year, the Algerian News Agency said yesterday.

This price is significantly higher than that so far paid by other Western customers involved in a prolonged price wrangle with Sonatrach, the Algerian state hydrocarbons company.

The news agency said British Gas had agreed to a price of $4.60 fob for the first half of 1981, rising to $4.80 from July 1. The agreement was an interim one, while the two continued negotiations for a five-year supply contract.

British Gas is about to receive its final deliveries of Algerian LNG under a 15-year contract which came into force in 1964. Despite months of negotiation, the two sides have yet to reach agreement on a long term deal.

Algeria has been trying to boost LNG prices towards parity with crude oil—the equivalent of more than $6 per million BTU—and is likely to use the new British Gas agreement as ammunition in tough negotiations with its two major western customers—Gaz de France and El Paso, the U.S. company.

Gaz de France agreed earlier this year to pay the Algerians $3.20 per million BTU, which will rise to $3.70 on January 1 through escalation clauses and might go up again on July 1. The Algerians have described these payments as an "advance" and have been billing the French at $6.11 per million BTU. They have also halted supplies to El Paso because of the pricing deadlock.

The British Gas deal differs from Algeria's other negotiations in that it involves a much smaller amount of gas—just 100m BTU a day — and that it is for a new contract rather than an existing one.

Portugal set to meet demand for synthetics

BY DIANA SMITH IN LISBON

WITH THE inauguration on December 18 of a plant that will double annual capacity to 25,000 tonnes, Fisipe, the Portuguese synthetic fibre company, will almost be able to meet the national demand for acrylic staple for industry and weaving.

Fisipe is a joint venture between Quimigal, a multi-product publicly-owned corporation born of the merger of Nitratos de Portugal, Amoniaco de Portugal and Companhia Uniao Fabril (CUF—once Portugal's largest private group, nationalised during the 1975 revolution) and Mitsubishi Rayon.

Mitsubishi holds 25 per cent of the Fisipe capital of Esc. 1.5bn (£10.5m) and has supplied expert assistance and technology for the new unit: it is the first major Japanese concern to join forces with a Portuguese group.

National self-sufficiency in acrylic staple is a step further in Portugal's plan to reduce its traditional dependence on imported chemicals, by-products and fibres. With the new ammonia and propylene unit now being built by Quimigal, the links in the chain of dependence will be further broken.

However, the European recession has severely hurt the Portuguese textile industry, which relies on West Europe for its main outlet.

While the Government seems resolved to carry out plans to promote investments of $1.2bn in the industry in the next decade so as to modernise plant and increase efficiency, there is a danger that shrinking order books could lead to mass redundancies in the next five years. A figure of 45,000 lay-offs has already been mentioned.

Portugal has been gradually easing away from lost-cost, lesser-quality textiles and ready to wear clothing into up-market production. Thus, the European recession has caught it at a delicate moment of transition.

Whatever the vicissitudes of the textile trade, the authorities are resolved to forge ahead with ambitious chemicals and petrochemicals projects, estimating that pre-EEC accession growth of the economy and domestic market justify heavy spending on units that will ensure the full petrochemical cycle and in the long run, effect huge savings of foreign exchange.

Gandhi presses for state stake in car plant

BY DAVID HOUSEGO

MRS. GANDHI, India's Prime Minister, has seemingly been strengthened in her determination to establish a new passenger vehicle manufacturing plant in which the government would have a stake by proposals put forward under the previous Janata administration for a similar venture in the private sector.

The Indian Government has asked foreign vehicle manufacturers to submit plans by the end of this year for the manufacture of cars, light commercial vehicles and trucks on a 300-acre complex owned by Maruti—the company set up by her late son Sanjay. Maruti was nationalised two months ago in a controversial political decision that the government justified in part by the need to modernise the automobile industry.

The private sector venture that has now been put in limbo by Mrs. Gandhi's backing for a state supported plant is that of Premier Automobiles of Bombay—one of the two existing car manufacturers in India.

Premier, after two-and-a-half years of preparation on a project for a new passenger car, had submitted plans to the Government for making the Peugeot 305, Fiat's Ritmo/Strada or the Renault 18 in India.

Production was scheduled at 50,000 cars a year beginning with CKD sets and gradually moving to 100 per cent indigenous manufacture at the company's Bombay plant.

Premier believed it could put the car on the domestic market at Rs 75,000 (£4,075). This compares with about Rs 60,000 for its nearest rival the Ambassador, made by Hindustan Motors and which is modelled on a 25-year-old version of the Morris Oxford.

To achieve this price Premier would have needed substantial relief from tax and import duties which are currently about 125 per cent of imported components. But Premier believes that it had been promised a licence by the former Janata Government for producing a new passenger car.

Premier was anticipating an investment of Rs 3.5bn (£190m) on the basis of making 50 per cent of the components in Bombay and a further Rs 2bn in an ancillary automotive industry to achieve total indigenous manufacture. About 40 per cent of the equity would have come from the foreign partner.

It would now seem that the government is taking over Premier's plans and enlarging on them. Foreign manufacturers expected to submit proposals for a new manufacturing facility to include Renault, Peugeot and British Leyland. The government appears to be thinking of a 100,000 a year unit plant with 50 per cent of the output going for export—as well as production of light commercial vehicles and trucks.

Both Premier and Hindustan Motors would lose most of their existing market—together they produced 29,000 cars last year—unless they were granted similar concessions over tax and the import of CKD parts.

Mrs. Gandhi's personal interest in the Maruti project is in honouring her son whose pilot project to build a cheap passenger car at Maruti was a failure.

Since Premier first put forward its proposals there has been a sharp deterioration in India's trade deficit and thus a squeeze on the foreign exchange that might be available for a new automobile venture.

● FORD MOTOR has asked its Japanese partner, Toyo Kogyo, to supply Ford with major components for a mini-car to be built in the U.S., the trade paper Automotive News said, Reuter reports from Detroit.

It said Ford has been holding talks with Toyo Kogyo, which builds Mazda cars and trucks, about a possible U.S. joint venture to produce the mini-car beginning in the 1984 model year.

British win £14m Nigeria contract

By Our World Trade Staff

A THREE-MEMBER British consortium has won a contract worth more than £14m for a rural electrification project in the Nigerian State of Imo.

The consortium, PDS, awarded the contract by the State Government, comprises Petbow, of Sandwich, Kent, James Scott (electrical transmission), a major UK transmission line contractor, and Deutz Engines, the British subsidiary of Kloeckner-Humboldt-Deutz of Cologne, one of the world's leading engine makers.

As a project manager, Petbow, which manufactures generating equipment and welding plant, was responsible for arranging the consortium.

Technically, phase one of the project consists of 12.5 megawatt diesel-powered generating sets, 35 KV step-up transformers and about 186 miles of transmission line, together with installation of equipment and construction of civil works. The system will feed 30 rural towns in Imo.

Finance for the project has been arranged by the Lloyd's Bank group by way of an export credits guarantee department-backed sterling loan and a Eurodollar facility for the balance. Lloyd's acted on its own behalf and for Bayerische Hypothenken und Wechsel-bank AG, International Commercial Bank and Marine Midland Bank NA.

Swedish set up aircraft plant

By Michael Donne, Aerospace Correspondent

SAAB-SCANIA of Sweden is to spend $30m (£12.5m) on a new factory at the company's Linkoping, Sweden, airport, for the production of the new Saab-Fairchild 340 34-passenger airliner.

This "commuter-liner" is now being developed, with the first aircraft due to fly in late 1982, and first deliveries to the airlines set for 1984.

Saab-Scania is developing the new aircraft jointly with Fairchild Industries of the U.S. Assembly of the aircraft will be undertaken in Sweden.

Britain's output is expected to be lowest in Europe

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITAIN'S output performaoce appears likely to be tbe poorest of any major European economy during the oext two years, the Economic Models Group forecast today.

Ecooomic Models. which is part of Data Resources, the leading U.S. forecasting group, projects a 1.1 per cent drop in real Gross Domestic Product in the UK next year, followed by 2.8 per ceot rise in 1982.

This outlook is worse than in West Germany, France and Italy, all of whicb are expected to continue to grow. But the projectioos are not as gloomy as those produced yesterday by the Organisation for Economic Co-operation and Development and in recent weeks by UK forecasters.

Looking at the outlook for Europe generally, Ecooomic Models believes that the restrictive monetary and fiscal policies aod the cootinued high inflation rates hold out little bope for any significant increase in real output.

The recession caused by the 1979 oil price rise now appears longer than that which followed the 1973-74 upsurge in prices. This reflected the tighter monetary and fiscal policies now being pursued. "These policies have heen effective in cutting aggregate demaod; whether they will be equally effective in cutting inflation seems doubtful."

The group projects that total output in the big four European countries will rise by 0.4 per ceot oext year, before rising by 3.4 per ceot in 1982.

This is not expected to be sufficient to prevent a rise in unemployment—up from 6 per cent of the workforce io the four countriea to 7.2 per cent in 1981 and 7.4 per cent in 1982 before dropping to 8.8 per cent in 1983, wheo output growth is expected to he atronger.

The annual rate of consumer price ioflation is projected to decline from 14.4 per cent this year to just over 11 per cent next year and 10 per ceot io 1982.

In the UK, the inflation rate is projected to decline from an average of 18 per cent this year to 11 per cent in 1981 aod 9 per cent in 1982.

Skiers flock to alpine resorts despite the recession

Elaine Williams looks at the continuing winter holiday boom

WHATEVER nther sacrifices have to be made this Christmas because of the recession, Britons do not appear to be giving up their foreign ski-ing holidays. Tour operators say bookings are expected tn be about 10 per cent higher than last year.

This growth is viewed witb envy by the winter sun salesmen who have seen bookings for their holidays fall in the past two seasons.

More than 360,000 people from Britain will be taking a ski-ing holiday io the resorts of Austria, France, Italy, Switzerland, Yugoslavia, Bulgaria and the U.S. this year. About 160,000 people will book package holidays; the remainder represeot school ski parties and independent travellers.

Foreign holidays bave become more attractive because of the strength of sterling against currencies in Alpine countries which bave held prices to the same level as 1979. In some cases prices are lower.

The basic cost of a ooe-week ski-ing package varies from about £79 up to about £300 io a foreign resort. Io Scottish resorts—which an estimated 50,000 people will visit this year—tbe cost is between £90 and oearly £300.

Tour operators say that low inflation io Austria aod Switzerland, considered to he the most expensive holiday ski-iog destinations, coupled with the strong pound has attracted increased bookings in these countries. This has been at the expense of Italy, wbose inflation rate is higher than Britain's.

Mr. John Neilson, bead of Neilson Ski Holidays, says he has cancelled some flights to Italy but increased the capacity to Austria.

Nearly 50 per cent of all bookings come from Greater London and the South East of Eogland which bas escaped the worst effects of the recession so far. The majority of skiers come from the middle to upper income groups, especially amoog the younger age groups. Thomsons, one of the largest ski package operators, says more than a third of all bookings come from the first-time skiers.

Overall, the winter sports market, valued at about £100m, is a small part of the package holiday industry. Each year more than 5m Britons take a foreign holiday. Thomson Holidays alone offers a choice of 1m holidays every year—75 per cent are summer packages, 22 per cent winter sun and only 3 per cent represents winter sports. But it does help the large operators to keep hotels open and staff employed throughout the winter.

In contrast to the boom io ski-ing holidays, ski equipment retailers in the UK say that busloess is slightly down on the previous year. Alpine Sports, ooe of Britain's largest specialists, claims that it has managed to maintain its market share io this difficult period. This year it has opened five shops in the UK and doubled its turnover to £5m.

Alpine says that sports equipmeot which is mainly imported from Europe, the U.S. and the Far East, is the same price and in some cases lower than last year because of the strong pound and the state of the ski equipment industry. For example, Alpine offers several models of ski under £100 a pair complete with bindings and ski poles. Top range skis cost about £150 a pair.

This year the variety of ski equipment available in the UK is greater than last year because ski equipment manufacturers bave suffered a severe decline to their own domestic markets and bave turned to the UK in the hope of extra sales.

The mild winter in the U.S. last year—which accounts for 1m of the 6m alpine skis produced every year—was a major factor behind the alump.

The £600m ski equipment industry has been geared for growth of around 15 per cent a year, but manufacturers say that the growtb is not likely to exceed 3 per ceot in 1980.

Many of the major ski manufacturers, such as Rossignol in France, Atomic aod Fischer in Austria, have reduced their prices by 10 per cent or more to stimulate sales. However, several makers in Europe and the U.S. have already fallen victim to the slump in demand.

Kneissl, based in Austria, is likely to close because of its poor performance over the past three years. Until 1977 it was the fourth largest ski manufacturer in the world. Now it is belteved tn have liabilities of $32m against assets nf $27m.

Industry observers say that Kneissl's problems stem from the closure of its wooden ski interest in the 1970s to concentrate on plastic-foam-injected skis. It experienced teething problems with the new technology, was short of finance and found that increased fuel costs raised its production costs.

Hart, nnce the second largest ski producer in the U.S., has called in the receiver wblle another U.S. company, Head, which dominated the industry in the 1960s, has closed its plant in Colorado.

Nearly all the European ski-makers are cutting back or holding production at last year's level. Rossignol, the French sports group and largest ski manufacturer, saw its profits fall to FFr 22m in 1979 compared with FFr 27.6m the previous year. The company has experienced some short-time working

Britain has only one domestic manufacturer of skis—Vielhaber, set up by Mr. Leopold Vielhaber, an Austrian, in 1965 to make carbon fibre skis. Based in Aviemore, Scotland, Vielhaher has started a cult among British skiers and now claims to have about 10 per cent of the British market of 20,000 pairs of skis a year.

The company has built up such a demand that it plans to expand its operations in Scotland over the next five years to produce 10,000 skis annually with the hope of capturing 50 per cent of the UK market. It recently started tn export skis to Austria

Bleak prospects in Ulster

BY OUR BELFAST CORRESPONDENT

ECONOMIC prospects for Northern Irelaod in the medium term are "exceptionally unattractive" and the economy of the Irisb Republic also faces a difficult period in the early 1980s, according to research papers puhlished yesterday.

The two papers form an introduction to a series of seven documents to be published during 1981. They will look at specific areas for co-operatioo between the two parts of Ireland.

They have been commissioned by Co-Operation North, a noopolitical organisation wblch tries to foster greater understanding and mutual assistance hetweeo North and South in Irelaod.

One of the introductory studies attributes tbe hleak outlook for Northern Ireland to the overall decline in industrial production, rising unemployment trends, and tbe limitations on Government expenditure, togeber with forecasts of negative growth in UK output.

It says that recession in the world economy and in the UK will limit the short- to medium-term prospects for employment in tbe Republic.

"Io addition, the current balance of payments deficit, the Covernment's high borrowing requirement, and the objective of maintaining a fixed exchange rate with partners in the European Monetary System, all point towards restrictive fiscal policies which will deepen the recession," it says.

The studies, which look at selective economic lodicators and at population and lahour force structures, were each produced by Northern Ireland and Republic of Ireland ecooomists workiog together.

Self-catering controversy hits Jersey

CONTROVERSY has ariseo in Jersey over a plan from tbe island's Ann Street Brewery to build a block of 420-bed self-catering apartments on the beachfront oear St. Helier. The plan for a 2½-acre site is seen as a challeoge to the island's existing tourist policy favouring conventional botels.

The authorities bave opposed this type of development hitherto, even though 20 per ceot of tourist beds in nearby Guernsey consist of self-catering accommodation.

Reluctance

Jersey's reluctance to introduce self-catering has been due partly to fears tbst it would be politically unacceptable in an island with an acute shortage of housing for local people.

The exception made so far was at the Hotel Ambassadeur on St. Clement's Bay. There the Chanoel Hotels group bas been allowed to add 14 self-catering units, on condition they form an "integral part" of the botel.

Report says OPEC boosts UK revenue

BY RAY DAFTER, ENERGY EDITOR

THE Organisation of Petroleum Exporting Countries has provided U.K. Government revenues with a higger hoost than receot nil tax changes announced hy Sir Geoffrey Howe, the Chaocellor of the Exchequer, according to a North Sea oil report.

Wood, Mackenzie, stockbrokers, says that North Sea prices conld rise from $36.25 to abont $39 a barrel in the New Year. The Government conld expect to cream abont 88 per cent nf the extra gross revenue in tax.

The figures show that in the five years 1981-85 Government nit reveoues could total £54.8bn, assuming an average $40 a barrel price

If the everage price bad been $37.50 a barrel the amount nf reveoue woold bave heen £49.4bn, taking into account recent tax increoses, nr £47.3bn without the lotroduction of the supplementary oil tax.

Wood, Mackenzie calculated that the average price fnr North Sea oil would have to rise tn abont $42 or $43 next year before the effects of the new supplementary tax on company profits coold be nullified.

Such a price increase is unlikely. African members of OPEC, wblch tends to set pricing patterns fnr crudes of the type prodnced from the North Sea, bave indicated that they will not raise tariffs above $41 a barrel. It is expected that tbe average from January 1 will be oearer $40.

Wood, Mackenzie reports that if UK nil was priced at $40 a barrel Britain's North Sea current account trading balance could rise from £10bn next year tn £20.5bn in 1985. With a $37.50-a-barrel price the trading halance woold be $9.3bn in 1981 and £18.9bn in 1985.

North Sea producers will await pricing decisions from OPEC members befnre adjusting their tariffs. So far only Saudi Arabia has announced a $2 a barrel price increase.

Dr. Humberto Calderon Berti, Venezuela's Energy Minister, said on his return from the OPEC meeting in Bali that Venezuelan crude wonld probably cost $3 a barrel more from January 1. The price would probably be raised from $34.75 to $37.75.

Price-rise freedom for Kellogg

By Our Consumer Affairs Correspondent

THE KELLOGG company, the major UK producer of breakfast cereals, will no longer have to seek the Government's approval when intending to raise prices, it was announced at the weekend.

Kellogg has had to ask the Government for permission to raise prices since a repurt in 1973 by the Monopolies and Mergers Commission criticised its pricing policy.

The commission concluded that tbe company used its dominant market position—it had 60 per cent of the breakfast cereal market—to determine its price levela.

Although the commission also concluded that this was not against the public interest, it recommended that Kellogg should give an undertaking to seek prior approval for price rises.

The Office of Fair Trading will still require Kellogg to provide detalls of its prices and profits to enable it to monitor aoy changes in the market. The OFT could then use its powers under the new Competition Act to investigate Kellogg

National Insurance tax 'regressive'

FINANCIAL TIMES REPORTER

EMPLOYEE National Insurance contributions are a regressive tax, says Mr. Christopher Johnsoo, economic adviser to Lloyds Bank.

Writing in the January issue of Lloyds Bank Ecooomic Bulletin, be describes the UK personal tax system as anomalous.

The rise in the upper earnings lioit for National Insurance cootributions lo 1981-82 will bring in over £500m, or more than douhle the amount tbat would have heen raised hy keeping to the Government's assumption of a 10½ per cent earnings increase. But employers' contributions will still oot keep pace with earoings, he says.

Employers' cootributions have been rising faster than those of employees, doubliog over the last 15 years as a proportion of Gross Domestic Product in Britain and other Organisation for Econooic Co-operation and Development couotries. Social security contributions provided 22 per cent of British tax revenue in 1979, says Mr. Johnson.

The social security burden on British employees is about the same as the international average—9 per cent of GDP in 1979.

Bot ooly 3½ per cent goes to National Insurance, with 1½ per cent of GDP going to the Treasury as a surcharge, aod another 3½ per cent to private pension schemes.

The employers' Natiooal Insurance surcharge should logically be paid into the National Insurance Fund in place of the Treasury Supplement, says Mr. Johnson.

APPOINTMENTS

Senior executive changes at Halfords

Mr. Mark Rushbrooke has heen appointed chief executive of HALFORDS LIMITED from January 1. Mr. Melville Johnstoo remains chief executive of Halfords Group, the Burmah Oil subsidiary of which the UK motor parts and cycles retail chain is part. The new holding compaoy, Halfords Group, was created earlier this year to develop retailing and distribution as a major activity within Burmah's operations.

Other appointments are: Mr. Ken Widdowson as a director of Halfords Group; Mr. Chris Wicks, marketing director of Halfords Limited; Mr. Tony Heath, chief executive of Leonard Newman and a director of Halfords B.V.

★

Mr. J. V. Bradbury is to relioqoish his position as managing director of ASSOCIATED BRITISH MALTSTERS, for health reasons at the end of December. He will remain chairman of the company and will continue as a director of Dalgety Spillers.

Mr. T. A. A. Macpherson is to become managiog director of Associated British Maltsters and chief executive of Dalgety Spillers malt division in place of Mr. Bradbury.

★

Mr. L. M. Harper Gow has been appointed a vice-chairman of the ROYAL BANK OF SCOTLAND. Sir Donald Cameron of Lochiel, who was a vice-chairman, and Sir John Carmichael bave retired from the board.

★

The following are to become executive directors of ORION BANK from January 1: Mr. G. E. Hall, Mr. I. J. Morgan and Mr. M. A. Watson. Appointed associate directors from that date are Mr. E. A. Beresford-Davies, Mr. P. W. Burditt, Mr. D. H. Burnett, Mr. D. Clark, Mr. C. L. F. G. Hansard, Mr. S. N. Hurn, Mr. R. J. Opiat and Mr. J. R. Secker.

★

Mr. T. K. Clapp, receotly appointed deputy managing director of WEYROC, part of the Katrinefors division of the Swedish Match, is appointed maoaging director from Jaouary 1. Mr. A. G. Besetin, at preseot managiog director, returns to Sweden to assume responsibility for all marketing of the Katrinefors division.

★

Mr. P. S. G. Flint, at present assistaot company secretary of IMPERIAL CHEMICAL INDUSTRIES, is to become secretary from April 1. He will succeed Mr. J. D. Cousin, who is to retire. Mr. J. York, regiooal executive, Latin America, in ICI's New York office, is to become general manager of ICI Europa from April 1. Mr. N. M. Mims, ICI Europa chairman, retires at the end of March.

★

Mr. Jobo White has been appointed chief executive from January 1 of GUY BUTLER (HOLDINGS), the Sime Darby subsidiary controlling the Butler group's worldwide mooey broking activities. Mr. White also hecomes cbairman of sterliog mooey brokers BUTLER TILL while remaining managing director of that company. At the same time Mr. Brian Deeble hecomes chairman of foreign exchange and curreocy deposit hrokers GUY BUTLER (INTERNATIONAL) aod cootinues as joint managing director.

These cbanges follow the decision of Mr. Peter Clayton to step down as chairman of Butler Till and Guy Butler (International) because of bis increasing commitment to Sime Darby London, of which company Mr. Clayton became chairman in October. Mr. Clayton will, however, be closely involved with the Butler groop. For this reason he will remain chairman of Guy Butler (Holdings) and continue as a director of Guy Butler (Internatiooal) and Butler Till.

Mr. Chris Maile aod Mr. Don Turner, directors of Butler Till, joio Mr. Mick Redgwell as joiot deputy managing directors of that compaoy, while Mr. Chas Dobsoo and Mr. Mike Young, assistaot directors, are appoloted directors.

★

Mr. Geoffrey Miller has beeo appointed managing director of BARCLAYS INSURANCE SERVICES COMPANY and of BARCLAYS INSURANCE BROKERS INTERNATIONAL from January 1. He succeeds Mr. Peter Maitland, who has resigned from the compaoies.

★

The council of BRUNEL UNIVERSITY has elected Mr. Joho Gardiner, chief executive of the Land Group, as its chairman for three years. Dr. Peter Trier, a director of Philips Industries, is to be Pro-Chancellor of the University until the next meeting of tbe court.

★

Mr. Geoffrey Toft has been appointed managing director of PICKFORDS HEAVY HAULAGE, baving held the post in a temporary capacity since September. The company is a member of the special traffics group of the National Freight Company.

★

Mr. A. G. Roden bas been appointed presideot nf the BRITISH CARPET MANUFACTURERS' ASSOCIATION from January 1, and Mr. C. T. C. Brinton will hecome vice-president.

★

Mrs. Barbara O'Driscoll is to become deputy actuary at the RELIANCE MUTUAL INSURANCE SOCIETY from January 1.

★

Mr. Grenville Welch bas been appointed secretary of the STONE FEDERATION io succession to Mr. D. Maxted Jones, who retires on December 31. The Federatioo is affiliated to the National Federation of Building Trades Employers.

هكذا من الأصل

C&C
COMPUTER AND COMMUNICATIONS

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NEC
Nippon Electric Co.,Ltd.
Tokyo, Japan

British Telecom to provide equipment for satellite link

BY JASON CRISP

BRITISH TELECOM announced yesterday that it is to provide equipment for UK companies to link with a European satellite network by 1983.

The system will allow them to transmit vast amounts of information, from high-speed data to ordinary speech internally, to any of their offices around Europe.

In the UK, British Telecom would provide the communications link. Any company subscribing to the business satellite communications service would have an aerial dish on top of its buildings or close by.

Although the dish will only be about 13 ft in diameter, it is likely to be expensive. Only large companies with very high communication requirements, like banks, oil and insurance companies, are likely to find it feasible.

Companies will be able to use the satellite for internal telephone, telex, facsimile and computer data as well as for video-conferencing, high resolution facsimile and "multi-destination broadcasts."

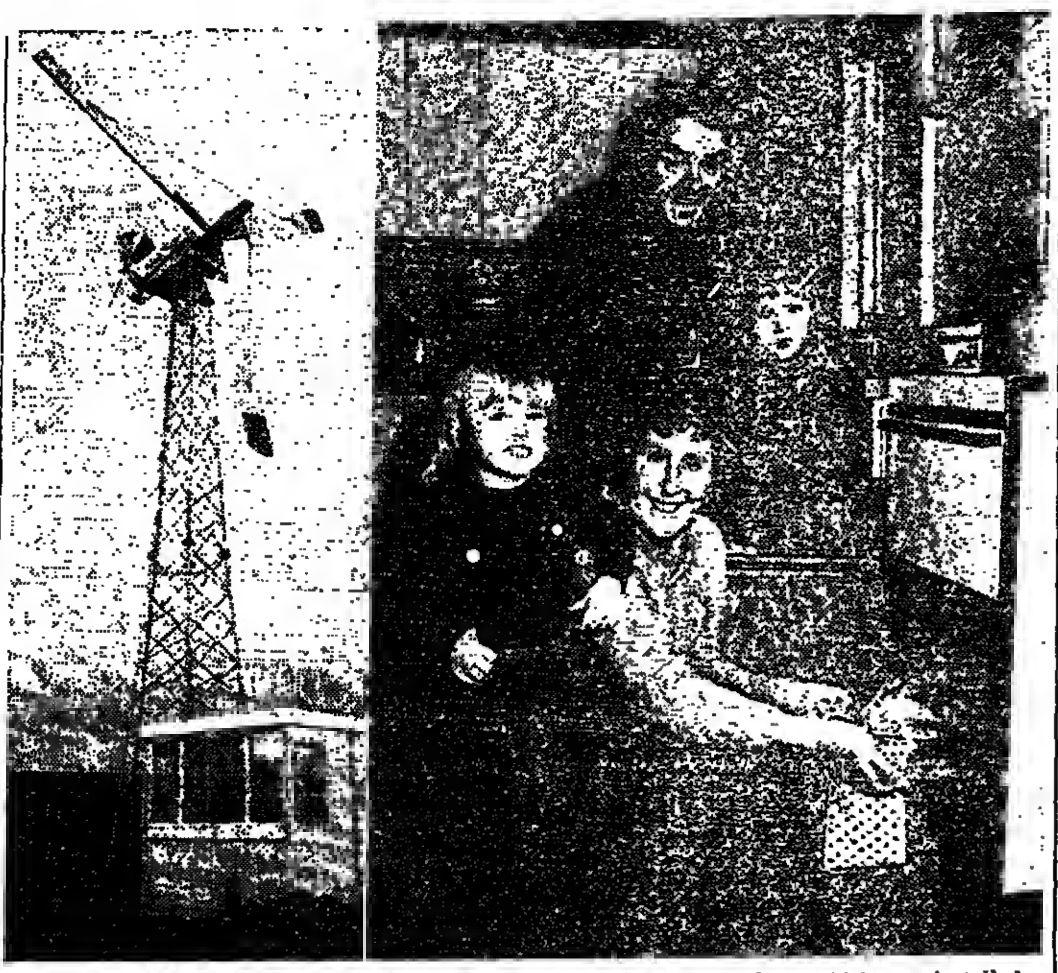
A similar satellite was launched in the U.S. last month which comes into operation next year. Although it is a partnership, the American Satellite Business Systems is principally to promote IBM office automation equipment. IBM's other partners in SBS are Aetna Life and Casualty and Communications Satellite Corporation.

The European system, firmly under the control of the public telephone utilities, is the result of a compromise agreement reached over the use of the European Space Agency's telecommunications satellite and a separate system being put in by the French.

ESA is to launch a number of European Communications Satellites (ECS) beginning in 1982 for use by its member countries as an international telecommunications link on the public network. The French are putting up another satellite, Telecom 1, for business use even though it is also a member of ESA.

The compromise is that ESA's communications satellite will be especially adapted to link up with small dish aerials, but ESA will also lease capacity from the French satellite. Depending on their requirements, companies may be using either satellite systems.

The cost of adapting the ESA satellites will add about £10m to the existing £90m. The first European Communications Satellite, which ESA is launching in 1982, will not be adapted to link with small dish aerials, however the remainder will.



WIND POWER has arrived in the Orkney Islands. The windmill (left) which was installed by the North Scotland Hydro-Electric Board, generates enough power for Mr. Marcos Wood to run his dairy farm at South Ronaldsway and for his wife Anne to cook the family dinner (right).

Deloitte Haskins names next senior partner

BY MICHAEL LAFFERTY

MR. ERIC MEADE, taxation specialist, is to become the next senior partner of Deloitte Haskins, one of the largest of the big UK accounting firms. He will succeed Mr. David Rae Smith, in April 1982.

Mr. Meade, 57, will be the first tax partner for several decades to become senior partner of a major accounting firm.

He is also the first Deloitte senior partner designate to be elected by his fellow partners. Typically, Mr. Rae Smith and previous senior partners have been nominated by the retiring senior partner.

As senior partner, Mr. Meade will fulfil a function similar to that of an executive chairman. He will have overall charge of a management team led by two managing partners. These are Mr. John Bullock, who is responsible for the firm's domestic operations, and Mr. Murray Charlton, international managing partner.

Mr. Bullock and Mr. Charlton were appointed in May 1979 after growing dissatisfaction within the 247-man partnership over the autocratic style of management of Mr. Rae Smith. Like previous Deloitte senior partners he had until then kept personal responsibility for almost all aspects of the firm's operations.

Mr. Rae Smith has, nevertheless, been responsible for certain reforms within the firm. One partner said yesterday that it was during his terms of office that all partners were allowed access to the firm's accounts for the first time.

Mr. Meade will hold the post of senior partner at least until 1985. Senior Deloitte partners say that his successor is likely to be either Mr. Bullock, or Mr. Christopher Strong, the present partner in charge of the firm's London office.

The senior partner of Deloitte Haskins and Sells is not thought to be as well remunerated as his counterparts in one or two other major firms. One Deloitte partner said yesterday that the post did not even carry a six-figure income.

Today's Events

Statistics to be published today include the December provisional figures for unemployment and unfilled vacancies and the November new vehicle registrations.

Company meetings being held are C. H. Bailey, Channel Dry Dock, Cardiff, 12. Clyde Blowers, Livingstone Street, Clydebank, Dumbartonshire, 11. Moss Engineering, Shenstone Hall, Shenstone, Lichfield, 2. Oceana Consolidated, Garden House, 18, Finsbury Circus, EC, 12. Stocklake, Winchester House, 100, Old Broad Street, EC, 12.

THIS NOTICE DOES NOT CONSTITUTE AN OFFER FOR SALE

ISSUES OF GOVERNMENT STOCK

The Bank of England announce that Her Majesty's Treasury has created on 22 December 1980, and has issued to the Bank, an additional amount of £100 million of each of the Stocks listed below:

12¼% Exchequer Stock 1992

12½% Exchequer Stock 1994

10¼% Exchequer Stock 1997

The price paid by the Bank on issue was in each case the middle market closing price of the relevant Stock on 22 December 1980 as certified by the Government Broker.

In each case, the amount issued on 22 December 1980 represents a further tranche of the relevant Stock, ranking in all respects pari passu with that Stock and subject to the terms and conditions of the prospectus for that Stock save as to the particulars therein relating to the amount of the issue, the price payable, the method of issue and the first dividend payment. Copies of each of the prospectuses of the Stocks listed above, dated 18 March 1977, 5 August 1977, and 14 October 1977 respectively, may be obtained at the Bank of England, New Issues, Watling Street, London, EC4M 9AA.

Application has been made to the Council of The Stock Exchange for each further tranche of stock to be admitted to the Official List.

The Stocks are repayable at par, and interest is payable half-yearly on the dates shown below.

Stock	Redemption date	Dividend dates
12¼% Exchequer Stock 1992	25 August 1992	25 February 25 August
12½% Exchequer Stock 1994	22 August 1994	22 February 22 August
10¼% Exchequer Stock 1997	21 February 1997	21 February 21 August

Each further tranche of stock issued on 22 December 1980 will rank for a full six months' interest on the next dividend date applicable to the relevant Stock and will not be distinguished from the amount of the relevant Stock already in being.

BANK OF ENGLAND
LONDON
22 December 1980

Tax burden 'should be switched'

By Rhys David, Northern Correspondent

THE DIRECT and indirect tax burden faced by industry should be reduced by switching to higher excise duties on alcohol and tobacco, businessmen in the north have told Mrs. Thatcher.

The Teesside Chamber of Commerce, representing one of Britain's main chemicals and steel producing areas, says in a letter to the Prime Minister that government policies aimed at conquering inflation are doing so at the expense of raising industry's unit costs.

The chamber strongly criticises government-directed increases in the cost of energy and the recently announced increase in employees' contributions. It also condemns the reduced expenditure by the public sector on manufactured goods.

Investment in productive activity is also being discouraged by government policies, the letter says. This will result in an inadequate rate of replacement of plant and equipment.

"By imposing tax burdens on industrial inputs by generating idle industrial capacity, and by discouraging new investment, the general stance of much of your Government's economic policy is producing effects diametrically opposed to the reduction of inflationary tendencies which purports to be its primary objective. Mr. John Thollen, the chamber's president, says.

If the overall tax burden is to remain roughly the same, there should be a redistribution towards commodities such as tobacco and alcohol. There should also be cuts in public expenditure, in areas such as the social services, and the Government should adopt a different approach to public finance as a whole, the letter says.

High Court hearing on Heathrow fees

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE British Airports Authority's attempt to force airlines using Heathrow to pay the increased landing and other fees which it claims they owe is to be heard in the High Court on February 9.

Meanwhile, the 17 airlines involved will continue to withhold the increases. They say they are illegal and excessive and will pay the money into a trust fund, earning interest, where it will be held until the court action is settled.

The latest move in the row between the BAA and the airlines, over increased fees at Heathrow, came yesterday after the matter had been discussed between lawyers representing the authority and the airlines.

It was agreed that before the February 9 hearing of the authority's application for an injunction against the airlines, the latter, who have formed the British Airport Users Action Group, would reply to the BAA's injunction by January 28.

Before then, however, on January 19, there will be another legal move, to see whether the writs issued, by various airlines against the Airports Authority, can be brought together into one action.

There are two writs, one issued by the 17 airlines in the action group, and another separately issued by Pan American.

Both claim illegal behaviour by the Airports Authority and say it is behaving illegally in raising landing and other charges. The aim of the January 19 hearing is to see whether the common parts of the two writs can be brought together and heard as one case.

In the meantime, the 17 airlines are withholding increased fees from the airports authority.

Gatwick contracts are let

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THREE MAJOR construction contracts worth in all more than £19m have been let by the British Airports Authority for development of Gatwick Airport, Sussex, London's second major airport.

They are for the "northern satellite" terminal replacing the former north pier; for a new office building; and for extensions to aircraft-parking areas.

The £13.9m satellite building, with completion date early 1983, will be three storeys high with parking space for eight wide-bodied jets. It will be connected with the main terminal building by a rapid-transit system. Fairclough Building is main contractor, with Westinghouse of the U.S. providing the mass-transit system.

This "satellite" terminal should not be confused with the second main terminal building, to be a much larger structure, and construction of which cannot start until Government approval. This is expected in the first half of 1981.

The £3.7m three-storey office building will be constructed by Kyle Stewart (Contractors) for completion in March, 1982. It is intended for airlines and others dealing with day-to-day aircraft operations.

The third contract is for £1.5m for another 33,000 square metres of aircraft parking stands, including the widening and lengthening of the existing taxiway No. 4 to the cargo area. This contract has been let to A. Monk and Co., and is for completion in September, 1981.

A gloomy start to Christmas for Lord Grade, the ACC king

THE FESTIVE season is getting off to a pretty bleak start for Lord (Lew) Grade. The harsh light of commercial reality is shining through the show business glitter.

His company, The Associated Communications Corporation (it is difficult to think of it as other than "his" company), is being buffeted by high interest rates, heavy borrowings and difficult times in both the film and record businesses.

Eyes are now turning on next Sunday's announcement of the new commercial television franchise holders with some bets being placed that ACC's subsidiary, ATV, will be a notable subject for the Independent Broadcasting Authority's scrutiny.

Lord Grade himself says he is still king at ACC. But there is little doubt that the reorganised board means that his rule is rather more constrained than in the past. Mr. Jack Gill's name may be heard rather more in the future.

Lord Grade is now 73 and his enthusiasm for films, the business which now seems to be causing his trouble, came late in life. This new interest can probably be traced back to the approach of his enforced retirement from British television. Three years ago he fell victim to the IBA rule which says that you cannot be a director of a commercial television company if you are over 70.

Then Lord Grade had to distance himself from British television. But a few years earlier Grade's eyes began to turn to Hollywood.

At the time there seemed sound commercial reasons for a look to the bigger screen. The experience of others was showing that the right sort of film could make remarkable profits. Films like The Godfather and Jaws showed the way. Unfortunately for ACC its own plunge into the tempting world of the megabuck was not to produce anything of that stature. The nearest Grade came to it was with The Muppet Movie, a spin-off from the TV series that was Grade's most spectacular intuitive investment.

Arthur Sandles looks at the power shift on the show business throne

Of the other films, and more than a dozen have been made so far, only The Boys from Brazil and Capricorn One have caused much of a stir at the box office or among the critics. All Quiet on the Western Front, The Big Sleep, Move Movie, Firepower and Saturn 3 were all samples of trans-Atlantic formula pictures which will eventually end up as late-night television viewing.

The real disaster, however, has been Grade's most recent and biggest gamble. Raise the Titanic, a film which cost $35m to make and thus swallowed the proceeds from The Muppet Movie. Lord Grade was utterly convinced that be had a winner in the picture but in the crucial American market it scarcely caused a ripple.

To have been a success it would have needed a box office gross of more than $100m.

Now attention must focus on the latest Grade offering, another remake of a former winner, The Legend of the Lone Ranger.

Unfortunately for Lord Lew, the film division's demands for money are coming at a time when other activities, notably records, are suffering their own difficulties.

Mr. Jack Gill, the man on whom falls much of the burden of easing the financial company's pressure, has long been Lord Grade's right hand. Mr. Gill is a quiet, tough accountant who has none of the ACC chairman's showbiz glamour, but a firm grasp of financial realities. Quietly spoken and with a taste for well-made suits, Gill was an accountant with City firm Binder Hamlyn when he caught the Grade eye.

He was appointed chief accountant to ATV in 1956 and has been adding the fine detail to Lord Grade's broad sweeps ever since.

It is difficult at present to see how the relationship between the two men will develop and how the power may shift from king to prince. One thing is certain, there is little prospect that Mr. Gill will be eager to take any of the limelight that has been Lord Grade's up to now. It could be however, that he will have no choice.

ASLEF agrees to BR terms on financial aid

BY PHILIP BASSETT, LABOUR STAFF

BRITISH RAIL yesterday secured the agreement of the train drivers' union, ASLEF, to its terms for an approach to the Government for increased financial aid for the industry.

However, ASLEF's executive refused to lift the threat of industrial action, in January although it will meet again during the week beginning January 5, to consider the threat.

The response of the ASLEF executive was considered to be crucial to BR's proposal. It is also likely to find favour with leaders of the largest rail union, the National Union of Railwaymen, and the Transport Salaried Staffs' Associations. The NUR, however, might like to see the proposal toned down slightly.

The letter from BR's board to Mr. Norman Fowler, Transport Minister, inviting him to attend a meeting at the BR Council, the highest-level consultative body in the industry, has been carefully worded to allow ASLEF room to manoeuvre within the confines of its executive's decision threatening industrial action.

Instead of insisting, as a condition of approach to the Government, that the unions agree to the productivity and other changes the BR board is seeking, the two-page letter signed by Sir Peter, BR's chairman, said that the board had explained its decision to the trade unions on the productivity objectives—the ending of the collection and delivery of parcels, nationalisation of the marshalling yards and a five per cent cut in passenger train mileage.

This emphasis that the changes were a decision of the board and not yet an agreement with the unions, allowed the ASLEF resolution to approve the terms of the letter. The board might not accept ASLEF's approval because the industrial action threat has not been lifted, but this seems unlikely.

A meeting is therefore likely early in January on terms which stressed that the unions "reluctantly" to recommend the plan to its members, though and management can work together and make the industry more efficient.

Mr. Ray Buckton, ASLEF general secretary, said: "We are hoping that a meeting can go ahead and we can get some positive response from the Ministry of Transport."

He said this was a golden opportunity for the Minister.

ASLEF, in common with the other unions and the BR board, will be looking to the Government to increase the external financial limit for the industry now set for next year at £920m.

Official ASLEF action is unlikely until middle or late January. However, there are some indications of growing unrest about cuts on the Southern Region, particularly on the Hastings line, and there is talk of unofficial action from January 5.

● Britain's white collar rail union is to fight the Government's transport bill "tooth and nail" both inside and outside parliament.

● Mr. Walter Johnson, MP for Derby South and president of the 72,000-strong Transport Salaried Staffs Association, said yesterday that proposals in the Government's Transport Bill are "nothing less than denationalisation by the back door."

The Bill paves the way for the introduction of private capital into British Transport docks and British Rail subsidiaries, including Sealink.

Michelin seeks three-month pay freeze

By Nick Garnett, Labour Staff

MICHELIN tyre company has told its 15,000 UK employees it intends bringing in a pay freeze for at least three months after which it will assess what it can afford.

Last week, British Airways, which has also been seeking a six months freeze, made its "final" offer to union representatives. It wants a three months pay pause from January 1 followed by 8 per cent from April 1.

The settlement date for all Michelin employees at its six UK plants is January 1. It intends to begin negotiations in March although there appears to be no certainty that a wage rise would necessarily be forthcoming in April.

The company is understood to have told the unions that in March it would have to review wage costs in relation to trading figures. Some union officials believe the freeze could last longer than three months.

Some groups have already accepted Michelin's proposals but a number, including the Transport and General Workers Union in England and Scotland have yet to do so.

Michelin has been suffering, along with the other tyre companies, as a result of car imports and the recession. But unlike most of the industry it has not introduced short time working or redundancies.

In October the company announced that taxable profits were down at £8.82m for the first half of 1980 compared with £12.48m for the same period last year. Profits for the whole of last year were a record £27.2m.

Civil Service union in talks with Customs

THE Society of Civil and Public Servants said today that it had been involved in confidential discussions with the Board of Customs and Excise to try to persuade it against proceeding with a further planned cut in the amount of cargo that is examined at docks and airports.

Miss Judy McKnight, group secretary of the Customs and Excise group of SCPS, which represents the officers who examine imported cargo, said: "We have had talks at Board level to try to persuade them to see sense but the department has pointed out that they have been instructed by the Chancellor of the Exchequer to find savings.

"Retention of the present levels of cargo examination would simply mean more cuts in other areas of the department, such as VAT, where most money is found.

"However, we believe there is clear evidence that hard drugs are being imported in freight. The proposed levels of examination will only be a percentage of levels which existed at a time when the danger, from heroin for example, was smaller."

Miss McKnight said: "Just as important, we believe there is large-scale circumvention of import quotas designed to limit imports which compete with industries sensitive to cheap competition, principally textiles and clothing.

"There seems to be an inadequate appreciation of these matters in the Treasury, which seem prepared to make any sacrifice to reduce public expenditure."

Blastfurnacemen likely to accept deal at BSC

BY JOHN LLOYD, LABOUR CORRESPONDENT

UNIONS representing around half of the 130,000 workers at the British Steel Corporation are likely to accept the Corporation's pay offer of seven per cent from next July after a pay freeze of six months and its corporate plan—leaving the industry's largest union, the Iron and Steel Trades Confederation, alone in opposing both.

The executive committee of the National Union of Blastfurnacemen yesterday decided "reluctantly" to recommend the plan to its members, though the union will seek further talks on the wages offer early next year.

Mr. Hector Smith, the NUB general secretary, said: "We are accepting the plan because we don't want to lose what we have got." The union has seen its membership reduced from 20,000 to around 7,000 over the past few years.

Mr. Smith said the union was very close to its membership, and that there was no desire for action on wages. "Our members want leadership on jobs, and that's what we'll have to give them," he said.

Members of the craft and general workers unions have received letters from their officials, giving details of the wages offer and the plan, and saying that the deal is the best they are likely to receive in present circumstances.

The Steel Industry Managers Association, which has around 11,500 members, is also likely to accept both the plan and the offer, though its lay executive still has to meet to discuss the issue.

This would leave the Confederation alone in opposing both plan and offer. The ISTC has spoken of seeking aid from the railwaymen and the miners, who have come together in a loose "Triple Alliance" to oppose further steel plant closures.

The Confederation is the first of the unions to settle, and sets the pace in the industry. However, it will be under extreme pressure to back down from its position of rejection if, as seems certain, the other unions indicate broad agreement with the Corporation early next year.

The ISTC has tabled a wage claim of around 15 per cent, and is opposing further cutbacks. It also believes that the Corporation intends to close a further large plant not so far announced in its plan.

Ferry services set to run normally over Christmas

BRITISH-CREWED ferry services look set to run normally over Christmas. This follows local decisions yesterday by seamen in most of the main ferry ports not to embark on immediate industrial action over pay.

Disruption to cargo vessels operations also appeared limited yesterday, although seamen's leaders in the North East claimed that at least four colliery vessels had been prevented from setting sail for London with power station coal stocks.

A full picture of action by seamen is not expected until later today.

The National Union of Seamen warned that its ferry port members were likely to give further consideration to local industrial action plans early in the New Year.

It said decisions had been taken to postpone action at Southampton, Dover, Weymouth, Portsmouth, Harwich, Felixtowe and Aberdeen

This follows distribution of an NUS circular to branches in ports throughout the country authorising them to take local action over the refusal of shipping employers' to improve on a 10.5 per cent pay offer.

Other action could take the form of lightning stoppages, overtime bans and other kinds of national and worldwide actions.

Mr. Jim Slater, general secretary of the NUS, warned yesterday that motorists who spend Christmas abroad could still face difficulties getting home because of the possibility of "guerrilla" action by crews.

But the North-East coastal region appeared to be the main centre of militancy yesterday where a mass meeting of up to 90 seamen in South Shields was said by local leaders to have voted unanimously to continue industrial action which started last Friday.

Jenkins deputy

Mr. Clive Jenkins, leader of the scientific and technical union, ASTMS, is to have a deputy general secretary in the new year—Mr. Stan Davison, one of the union's three existing assistant general secretaries.

BASE LENDING RATES

A.B.N. Bank	14 %	■ Guinness Mahon	†14 %
Allied Irish Bank	14 %	■ Hambros Bank	14 %
American Express Bk.	14 %	C. Hoare & Co.	†14 %
Amro Bank	14 %	Hongkong & Shanghai	14 %
Henry Ansbacher	14 %	Keyser Ullmann	14 %
A P Bank Ltd.	14 %	Knowsley & Co. Ltd.	16 %
■ Arbuthnot Latham	14 %	Langris Trust Ltd.	14 %
Associates Cap. Corp.	14 %	Lloyds Bank	14 %
Banco de Bilbao	14 %	Edward Manson & Co.	15 %
BCCI	14 %	Midland Bank	14 %
Bank of Cyprus	14 %	■ Samuel Montagu	14 %
Bank of N.S.W.	14 %	■ Morgan Grenfell	14 %
Banque Belge Ltd.	14 %	National Westminster	14 %
Banque du Rhone et de la Tamise S.A.	14½%	Norwich General Trust	14 %
Barclays Bank	14 %	P. S. Refson & Co.	14 %
Bremar Holdings Ltd.	15 %	Rossminster	14 %
Brit. Bank of Mid. East	14 %	Ryl. Bk. Canada (Ldn.)	14 %
■ Brown Shipley	14 %	Slaveoburg's Bank(NV)	14 %
Canada Perm't Trust	15 %	E. S. Schwab	14 %
Cayzer Ltd.	14 %	Security Trust Co. Ltd.	15 %
Cedar Holdings	14 %	Standard Chartered	14 %
■ Charterhouse Japhet	14 %	Trade Dev. Bank	14 %
Choulartons	15 %	Trustee Savings Bank	14 %
C. E. Coates	14 %	Twentieth Century Bk.	14 %
Consolidated Credits	14 %	United Bank of Kuwait	14 %
Co-operative Bank	*14 %	Whiteaway Laidlaw	14½%
Corinthian Secs.	14 %	Williams & Glyn's	14 %
The Cyprus Popular Bk.	14 %	Wintrust Secs. Ltd.	14 %
Duncan Lawrie	14 %	Yorkshire Bank	14 %
Eagil Trust	14 %		
E. T. Trust Limited	14 %		
First Nat. Fin. Corp.	16½%		
First Nat. Secs. Ltd.	16 %		
Robert Fraser	14 %		
Antony Gibbs	14 %		
Greyhound Guaranty	14 %		
Grindlays Bank	‡14 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 11½%, 1-month deposits 11¾%.

† 7-day deposits on sums of £10,000 and under 11½%, up to £50,000 12%, and over £50,000 12½%.

‡ Call deposits £1,000 and over 11½%.

¶ 7-day deposits 12%.

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FINANCIAL TIMES SURVEY
Tuesday December 23 1980

Trading with Yugoslavia

Respect for the non-aligned status of post-Tito Yugoslavia has moved the nations of the West to extend an encouraging hand to the country's export salesmen. This should enable trade to be expanded to mutual advantage.

Economy back on the right track

By Anthony Robinson
East European Correspondent

CAN THE highly devolved Yugoslav political and economic system summon up the will and cohesion to put its economic house in order? This was one of the main questions posed by observers of Yugoslavia during President Tito's final illness.

The events of the last six months have proved that it can. A new mood of quiet optimism can be felt among bankers abroad and Yugoslav officials in Belgrade that the Yugoslav economy is now well on the way to recreating the conditions for more balanced growth. This contrasts with the worried feeling six months ago when the authorities devalued the dinar by 30 per cent and Bank of Yugoslavia officials set out to negotiate a complex $2bn financing package to shore up badly depleted reserves and finance this year's balance of payments deficit.

With the year nearly over it is clear that Yugoslavia has managed to achieve a substantial turnaround in its foreign trading position. Exports over the first ten months to November 17 rose by 30 per cent in value and 9 per cent in volume, so reversing three years of export stagnation and declining market shares. At the same time imports have fallen by 11 per cent in volume — although higher oil and other import prices have led to a 9 per cent rise in value.

As a consequence exports rose to $7.56bn from $5.79bn over the corresponding period of 1979 and imports rose to $13.19bn from $12.15bn. The resulting trade deficit showed a decline to $5.63bn from $6.35bn. This improvement on the trade account has furthermore been accompanied by similar developments on the important invisible earnings front, where both emigrant remittances and tourist receipts have increased substantially.

Tourism alone is officially reckoned to have brought in $1.3bn, plus another $600m and possibly more in private transactions. Emigrant remittances have exceeded $3bn, thanks both to high interest rates payable on hard currency deposits with Yugoslav banks and the special credit facilities which offer emigrant Yugoslavs special house-building credits equal to four times the value of hard currency changed into dinar.

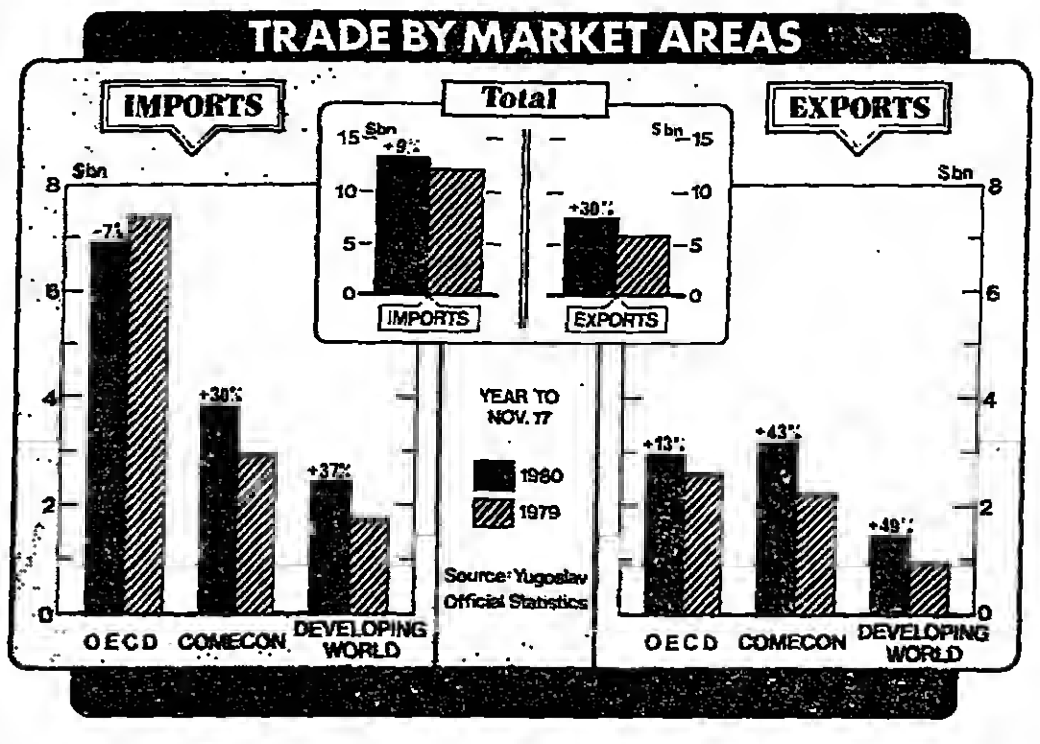
Taken as a whole the improvement on both visible and invisible trade means that Yugoslavia is now within sight of achieving its overall balance of payments target—a reduction in the deficit to $2bn from $3.7bn last year. Negotiations for the complex $2bn financing package to cover this deficit are now largely complete and signature of the final $350m/$400m syndicated bank credit is scheduled for December 22 in London.

Achieving this goal has not been painless. The price has been a severe squeeze on living standards for the second year running. Not only have average real incomes dropped by over 8 per cent this year; unemployment has risen well above the 12 per cent mark and inflation has soared to an official 36 per cent—in reality beyond that rate.

Incentive

In effect Yugoslavia has been living through a classic squeeze. Incomes have been whittled away by inflation—though the effect has been partially offset externally by a sharp devaluation. This has, in turn, given exporters an incentive to switch production from the depressed domestic market to exports. At the same time Yugoslavia's six member republics, two autonomous provinces and some 22,000 local authorities and local bureaucracies of all kinds have also been obliged to limit their own hitherto insatiable demands on the economy and new investment of all kinds has been sharply reined in.

High investment has long been one of the most persistent problems facing Yugoslav economic managers. Not only have the self-managing enterprises tended to vote for higher investment at the same time as for higher wages; the various party and local bureaucracies have also been free spenders of collective funds through their desire to build everything from monuments to kindergartens. The result is that for years Yugoslavia has been a huge construction site, and some of these projects were neither economically justifiable nor productive.



Over recent months, however, a new element of hard-headed economic thinking has been introduced, backed up by restrictive credit policies and planning guidelines which insist that investment must be concentrated in future on purely economic projects. The priorities are industrial modernisation, import substitution and export growth, energy and raw material developments and the development of an exportable agricultural surplus.

All this has been accompanied by a largely submerged political debate about the future of the Yugoslav economy. So far most of the running appears to have been made by those who argue for greater powers for the self-managing enterprises, encouragement to small-scale private and collective enterprises in industry, services and agriculture, and above all greater reliance on the market rather than planners and bureaucrats to determine the profitability and usefulness of economic activity.

This is a debate, fraught with ideological undertones, which has been going on for years, but has now become more acute and more important. Today, as for the last 35 years, Yugoslavia is poised between East and West, between capitalism, its own form of self-managing socialism and the centrally-planned bureaucratic economies of Comecon.

The most dynamic elements in the economy are those most closely linked to trade with the West and the attractiveness of Yugoslav products is also largely a function of Western technology incorporated in them. Given the choice between a business trip to, say, Rome or Moscow there is little doubt as to which is the most attractive proposition for the average Yugoslav businessman.

At the same time, however, producing and successfully marketing Yugoslav goods in competitive Western markets has proved much more difficult than selling to Comecon markets, and particularly the Soviet Union. This truth has become even more marked over the past 12 months, during which exports to Comecon have risen by 43 per cent while exports to OECD countries have risen by only 13 per cent.

Higher Comecon trade, when taken together with a further increase in trade with the developing countries, reduced the proportion of Yugoslav exports to OECD countries to 39 per cent from 45 per cent last year, while imports dropped to 52 per cent from 61 per cent in 1979. Even at the lower levels, however, the fact that over 50 per cent of Yugoslav imports come from the OECD area — mainly West Germany and other Common Market countries — reflects the importance of Western plant and equipment imports to the Yugoslav economy overall.

To pay for such imports, which are vital to economic growth and development, Yugoslavia has to be able to earn the hard currency required through higher exports to the West. So far it has not been able to do so and the present recession in the West does not make the task any easier.

Despite this, however, Yugoslavia now enjoys a much more favourable overall framework for its OECD area trade thanks to the new five-year agreement signed with the Common Market last spring and the willingness of the U.S., Japan and other trading partners to boost their trade with Yugoslavia as much as possible because of the political implications of any significant switch in Yugoslav trade and economic relations towards the Comecon area.

Goodwill

This of course puts the onus on Yugoslav enterprises to take advantage of the market opportunities opened up by the fund of goodwill and good intentions which exists in the West towards Yugoslavia. So far the Yugoslav system has shown its ability to inflict a sharp dose of austerity in the name of economic stabilisation. The erosion of living standards has now reached its limit, however, and some improvement must be held out next year if the risk of Polish-style worker discontent is to be avoided.

The task for next year is that of continuing with the basic lines of the stabilisation policy while at the same time increasing the underlying efficiency of the economy — above all its ability to compete effectively on the attractive but difficult markets of the industrialised West.

TRADING WITH YUGOSLAVIA II

Some significant changes

TRADE TRENDS

ANTHONY ROBINSON

OVER THE last 12 months the managers of the Yugoslav economy have demonstrated once again their ability to take tough measures and obtain tangible results in a very short space of time. It is now clear that Yugoslav exporters have managed to push up their sales by a creditable 9 per cent this year, while the strong squeeze on domestic incomes and last June's 30 per cent devaluation, coupled with considerable de-stocking, allowed imports to drop by 11 per cent over the same period.

Despite the fact that the terms of trade continued to move against Yugoslavia, largely because of higher oil prices, the combined effect of this scissor movement was to reduce the trade deficit to $5.63bn over the first 10 months of this year compared with a deficit of $6.35bn over the corresponding 1979 period.

But a deeper analysis of this year's trade returns shows that this overall improvement in the trade position has been accompanied by some significant shifts in the pattern of Yugoslav foreign trade. Despite the signing last spring of a new five-year agreement with the European Common Market and a new willingness by Western countries generally to view their trade links with Yugoslavia more sympathetically in the light of President Tito's death and the Soviet invasion of Afghanistan, the trade returns show that Yugoslav trade with the West has dropped significantly.

Troubling

Trade with Comecon and the developing countries has, by contrast, risen substantially. These trends are troubling the more sophisticated Yugoslav business and financial circles, who realise the importance to Yugoslavia of retaining its ability to trade with the developed Western economies, since such trade remains the main stimulus to modernisation and development of the country.

Meanwhile Yugoslav exports to the developing countries, with which it has a special relationship through membership of the non-aligned movement, rose to 19 per cent from 16.5 per cent. The share of its imports from this area, including over half of the 16m tonnes of oil consumed last year, rose from 14.5 per cent to 18 per cent.

Taken together, these developments mean that Yugoslav exports to Comecon and the developing world together amounted to 61 per cent of its total exports, compared to 55 per cent last year, while its exports to OECD area dropped back to 39 per cent compared with 45 per cent. In value terms Yugoslav exports to Comecon, at just under $3.2bn, outstripped sales to the OECD countries of $2.94bn. This decline in Yugoslav penetration of the more competitive and difficult markets in the West is clearly seen in the fact that while exports to OECD countries rose by only 13 per cent—that is to say by less than half the rate of inflation—exports to Comecon countries rose by 43 per cent.

Components

What these trends reflect is the fact that Yugoslavia has developed an economy which is able to export many middle technology industrial products which incorporate a large proportion of Western components, either imported or produced under licence in Yugoslavia itself. These products, covering a wide range of industrial and consumer goods, are generally of a much higher standard than those produced in much of Eastern Europe and the Soviet Union. As such they find a ready market on Comecon countries, provided the latter make what is essentially a political decision to increase their two-way trade in this way.

It has become quite clear over the past year that this political will does indeed exist, and especially in the Soviet Union, which not only has the greatest unsatisfied demands for Yugoslav-style products but also the greatest political desire to see Yugoslavia make the maximum use of its Comecon associate member status.

The Soviet Union not only holds out the promise of a huge market: it is also a supplier to Yugoslavia of 4m tonnes of oil, gas, raw materials and industrial equipment, particularly in the heavy and power engineering field. Moreover, the Soviet Union has been known on several occasions to give large orders to self-managing enterprises which would otherwise have been on the brink of bankruptcy. Such gestures can then be presented as a friendly gesture of proletarian solidarity. On a larger scale the hard-pressed Yugoslav shipbuilding industry has just received a massive shot in the arm through a $1.3bn contract to build several ships for Soviet owners.

Comecon orders have been a major factor in helping Yugoslav exporters boost their overall performance this year and so reverse several years of declining export volume. Greater penetration of Third World markets, especially the oil-producing countries, has also helped to compensate for Yugoslavia's higher oil import bill.

But the fact remains that the main stimulus to the modernisation of the economy lies in trade and joint venture arrangements with Western companies, and this requires Yugoslav exporters to make a major effort to compete in hard currency markets in order to pay for the requisite imports and know-how.

The marked drop in imports from the OECD last year is probably only a temporary phenomenon, reflecting the shortage of hard currency and a degree of de-stocking.

Western exporters to Yugoslavia have frequently found themselves faced with more onerous buy-back or compensation delay requirements and have found their products held up in Customs or payment delayed longer than usual. Yugoslavia companies have been told to try and substitute Yugoslav-produced components and spare parts as far as possible and limit purchases from the West to the absolute minimum. This is reflected in the $500m drop in purchases from the OECD area this year to $6.93bn, compared with $7.43bn last year.

Britain's Prime Minister, Mrs. Margaret Thatcher, was told of Yugoslavia's desire to work out a more balanced trade with the UK when she visited the country this autumn. Mrs. Thatcher heard first-hand what Yugoslav trade officials have been preaching for years—the need for more balanced trade with the West as the pre-condition for higher Yugoslav imports.

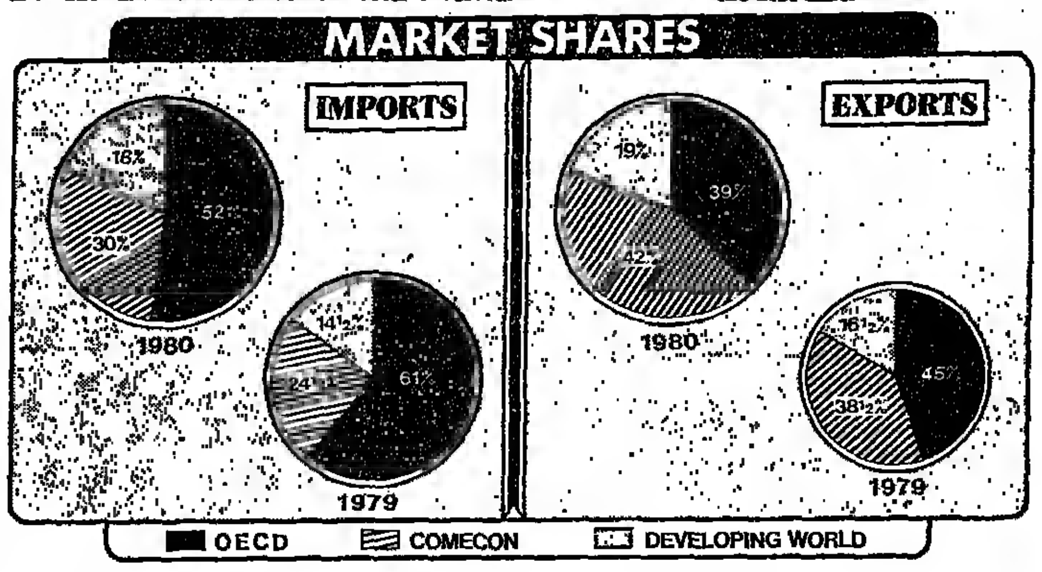
This message is well understood in both political, economic and financial circles in the West. The common desire to achieve such a result is probably higher now than at any other time. The main problem was and remains that of creating the sort of domestic conditions whereby Yugoslav enterprises can respond quickly and effectively to changing demand from the West, mount effective advertising, promotional and sales campaigns and produce desirable products at competitive prices.

Preaching

That is not the whole story, however, as seen by Yugoslav enterprises and trade officials. Because of Yugoslavia's close connections with the non-aligned movement it is more aware than most of the global nature of the problems facing developing countries as they attempt to upgrade their technology and market mix.

Yugoslavia has done more than most countries to try and foster the idea of joint ventures, licensing agreements and other forms of co-operation both in Yugoslavia and in third markets. Despite this, however, Yugoslav managers and trade officials complain of the severe limitations placed on the use of technology and licences and particularly the geographical limitations placed on the export of goods incorporating imported technology. In particular Yugoslavia would like to export a proportion of such products back to the industrialised Western countries which, it finds, are willing to sell such technology but not to reciprocate by buying back and so help re-coup the foreign exchange costs involved.

Yugoslavia is one of the great transit countries of Europe. The entry of Greece into the Common Market and Yugoslavia's new five-year trade agreement with the EEC have both contrived to ensure that modernisation of the Yugoslav road and rail network is a major priority. A new motorway tunnel under the Alps from Austria and completion of the "autoput" are scheduled for the latter part of this decade, and will greatly facilitate the transport of goods from Western and Central Europe to the Middle East. Zagreb and Belgrade are two of the great railway nodal points of Southern Europe, while improved ferry and roll-on roll-off facilities at Yugoslav ports like Rijeka, Zadar, Split and Bar are also aimed at improving Mediterranean trade. A new railway from Albania will bring that country into the European rail network for the first time.



History of fluctuating trade relationships

COMECON LINKS

PAUL LENDVAI

YUGOSLAVIA'S economic and trade relations with the Comecon bloc have from time to time been a subject for speculation among Western observers, with some expressing fears that excessive dependence on East European markets might ultimately erode the economic base of Yugoslavia's non-aligned foreign policy stance. These speculations date back in fact to September, 1964, when Yugoslavia, in the wake of improved relations with Moscow, signed an agreement with Comecon about gaining observer status in that body.

But the experience of the country's past 15 years' relations with Comecon and its much closer involvement with the European Community—despite the lack of corresponding long-standing institutional arrangements—have convinced even the suspicious "Yugoslavia watchers" that there could be no question of this multinational Balkan country losing its political independence for the sake of temporary commercial advantages offered by the East—or for that matter the West.

The ups and downs in commercial relations with Comecon need to be viewed over a long period in order to understand the general background. Comecon's share of Yugoslavia's exports jumped to 41.9 per cent in 1965, the first year of association, compared to 26.6 per cent in 1963. By 1975 the proportion had reached 46.8 per cent. After that, however, it declined again, dropping to 41.6 per cent in 1976 and 39.1 per cent in 1977. It rose again to 41 per cent last year. Overall, therefore, Comecon's share of Yugoslav exports has remained fairly constant between 1965 and 1980—albeit as part of a much larger total.

Imports reflect a more stable relationship. Comecon increased its share of the Yugoslav market from 21.9 per cent to 28.5 per cent between 1963 and 1965. The proportion dropped to 25.2 per cent by 1975 but rose again to 29.4 per cent in 1976 and to 28.9 per cent in 1977 with a slight fall to 26.8 per cent last year.

What has changed, however, during the past decade or so is the relative strength of Yugoslav-Soviet trade. In 1973, for example, the Soviet Union accounted for 14.3 per cent of total Yugoslav exports, or just under half of the Comecon share, which that year stood at 32 per cent. The Soviets provided 9.1 per cent of Yugoslavia's imports as against the 24.1 per cent aggregate share of Comecon.

Enormously

By 1979 the Soviet Union had increased its share enormously. While Comecon accounted for 41 per cent of exports, the Soviet Union alone took 21.6 per cent, making it the single most important export market.

The import picture is rather different. But here too the Soviet Union's share was 13.9 per cent last year, or more than half of the figure for Comecon. Taking the entire country-by-country breakdown into account, West Germany in terms of imports has overtaken the Soviets with an 18 per cent market share.

Behind these statistics is a Yugoslavia faced with a tremendous payments and visible trade deficit and vitally interested in reducing its trade deficit through increased exports. Last year exports covered only 48 per cent of imports; in trade with the European Community the percentage was even lower at 35 per cent.

But in exchanges with Comecon the Yugoslav performance is much better. Last year, for example, exports managed to account for 77.1 per cent of aggregate imports from Comecon and in trade with the Soviet Union the percentage was even higher at 78.1 per cent.

The latest figures indicate that Yugoslav industrial goods are still primarily competitive only in the Soviet bloc and in the developing world.

The dominance of the Soviet Union as a trading partner shows up in the current five-year plan (1976-80). Trade in both directions should reach some $14bn. Yugoslavia is paying this year alone $1.1bn for Soviet oil and petroleum products. The Soviet Union is a leading customer of the Yugoslav shipbuilding industry, now ranked tenth in the world.

The Soviets have participated in one way or another in the erection or reconstruction of some 100 projects in Yugoslavia, primarily in such fields as metallurgy, refineries, coal-mining and chemicals. The leading Yugoslav motor company, Crvena Zastava, which turns out Fiat models under and Italian licence, concluded an agreement with the Soviet motor industry to increase mutual deliveries from $52m to $100m this year; it is planned that the value of such exchanges should rise to between $120m and $130m per annum in the period of up to 1985.

In turn the Yugoslavs have erected hotels in Moscow and on the Black Sea and are currently completing a tourist complex in Dagomis, near Sochi.

Czechoslovakia is Yugoslavia's second most important Comecon trading partner. Regardless of periodic outbursts of political polemics, bilateral trade during the current five-year plan will be at least double the total reached during 1971-75. The two countries have concluded 23 agreements on co-operation and specialisation. Each occupies fifth place among the other's foreign trade partners and annual bilateral trade amounts to about $1bn.

Both Czechoslovakia and Hungary participated in the construction of the Adria pipeline leading through Hungary to Czechoslovakia. The two countries are also utilising Yugoslav ports for their transit transport with Yugoslavia. These account for 30 per cent of Czechoslovakia's transit deals and 20 per cent of Hungary's.

Soviet, Czechoslovak, East German, and Hungarian companies have participated in the expansion of the Yugoslav aluminium industry. Other projects involve the chemical, paper and agricultural machinery sectors as well as irrigation complexes. Under a tripartite natural gas deal Yugoslavia during the next 20 years will receive 2bn cubic metres of natural gas per annum from the Soviet Union through Hungarian territory. The Soviet and Yugoslav gas pipelines will be linked together in Hungary.

Treble

During this year's visit of Yugoslav Premier Veselin Djuranovic to Hungary, the two neighbours decided to treble two-way trade during the next five-year planning period. In 1979 Yugoslav-Hungarian trade totalled $412m.

Important projects have been carried out between Romania and Yugoslavia. The joint power plant on the Danube, involving the building of two complexes at a cost of $800m already yields $200m a year of electricity for the two countries. At the summit meeting last October the two neighbours decided to increase bilateral trade to over $4bn in the 1981-85 period, a considerable increase on the present annual level of $400m.

The leading Yugoslav daily, *Politika*, stressed recently that relations between Yugoslavia and all its East European neighbours have lately improved. The intensified economic ties with the Comecon countries are mutually advantageous but Yugoslav businessmen still feel that the profound differences between their own self-management system and the system of administrative planning in most Comecon states are strong obstacles to a more rapid expansion of trade and more purposeful economic co-operation.

Greater understanding of economic aims needed

ANGLO-YUGOSLAV EXCHANGES

KURT WEISSKOPF

THE LATEST Anglo-Yugoslav trade figures are hardly impressive. In the first ten months of this year Britain's exports to Yugoslavia were worth $334.7m, against $330.6m in the corresponding period of 1979, while Britain's imports were valued at $75.2m and $70.9m respectively. So, according to Yugoslav statistics, exports to Britain declined by 7.4 per cent. while imports from Britain rose by 1.3 per cent. The trend runs contrary to the aims of Yugoslav policy, which provides for a substantial rise in exports and a much slower increase in imports.

However, the Yugoslav policy of economic stabilisation announced on June 8, involving a measure of import restraint, export promotion and a dinar devaluation of about 30 per cent, is a continuing process which will no doubt have some bearing on Anglo-Yugoslav trade. Prospects for Anglo-Yugoslav trade could be potentially good and the trade figures could be misleading.

Yugoslavia needs of course to boost exports since its hard currency resources are not exactly copious. Indeed with luck it will end the year with a balance of payments deficit of $2bn but this is still an improvement on the 1979 deficit of $3.6bn. The balance of trade deficit will also be considerably reduced. Thanks to the special agreement with the EEC which became operative in July Yugoslavia's trade prospects should improve. The agreement should also facilitate Yugoslav exports of food and manufactured goods to Britain.

Quite apart from food and textile exports, however, there are other highly lucrative areas where both countries could co-operate and have in fact started to do so. Mr. Ratko Svilar, Vice-President of the influential Yugoslav Chamber of the Economy, feels that co-operation in third country projects is a field where Yugoslav industry in conjunction with British engineering companies could well make considerable headway.

Yugoslavia, he indicates, has the required links with the Third World and a good economic and political understanding of its needs and attitudes, while British engineering circles are more flexible and adaptable than those of any other Western industrial country.

But, as Yugoslav Foreign Trade Ministry officials point out, restrictions will not mean that Yugoslavia will stop imports of capital goods altogether — although Mr. Svilar indicates that such purchases will be greatly reduced. The Yugoslav engineering industry is advanced enough to deal with most of the country's needs. Mr. Svilar, an engineer himself, puts forward a view not fully shared by Foreign Trade Ministry sources.

It is fair to assume that the Yugoslavs are particularly interested in chemical industry plant, mining industry equipment, computer and micro-electronic installations and also in petrochemicals. Their enterprises would certainly like to shop in Britain if prices and conditions are right, but while economic stringencies continue — which, incidentally, affect not just Yugoslavia — they will expect a measure of countertrade.

Success

More major deals in British equipment for the Smederovo steel mill and the Kutina petrochemical complex are not only possible but likely. Davy Corporation, a successful group, need not be an exception and indeed its success could be matched by ICL, which is exploring the opportunities and viewing its prospects, as one informed British source put it, "with enthusiasm."

The Yugoslavs would like, however, to sell more products such as furniture, textiles and machinery components to Britain; above all they would like to increase their food sales. Wine, particularly white table wines of the Ljutomer variety, could also become very popular — they are selling well and are competing with some success with Spanish white wines. Importers say that Yugoslav riesling-type wines could become substantial business.

More instances of trade opportunities could be listed and indeed the scope will be widened since Yugoslavia has turned — as Yugoslav elder statesman Vladimir Bakaric has put it in a remarkable interview — from an underdeveloped country into "a medium developed country."

If trade is to prosper this process of transition and the changes in the economic mechanism of the country must be understood. In this respect valuable work has been done by the Anglo-Yugoslav Trade Council, a flexible committee composed on the British side largely of representatives of the London Chamber of Commerce and Industry and the Confederation of British Industry but involving also other British Chambers of Commerce and on the Yugoslav side the Yugoslav Chamber of the Economy, both sides being assisted by major industrial enterprises and banks. However, it cannot wet-nurse firms which wish to deal with their Yugoslav partners. It can inform and stimulate them but it cannot act for them.

Moreover, there are impediments to trade. Proper trade promotion on both sides is inadequate. That is by no means the fault of the London-based Yugoslav Trade Promotion Office nor of the Anglo-Yugoslav Trade Council. However, if contacts do not develop as easily as they might this is due on the British side to unfamiliarity with the Yugoslav economic system and on the Yugoslav side to the rapid pace of structural change.

British businessmen are often unaware of the degree of decentralisation of the Yugoslav market and of the absolute independence of enterprises. There is no State control. Nor is, say, economic legislation in one republic completely identical with that in another. This divergence of regulations may have an important bearing on conventional and countertrade.

British companies wishing to conclude a countertrade deal with a Slovene enterprise but wanting products manufactured in Bosnia may have to conclude two separate deals with their Slovene partner, who virtually acts as a commission agent.

There are many similar complications, particularly in respect of the acquisition by Yugoslav enterprises of licences, know-how and trade marks. Clarification and amendment of the regulations is urgently needed to keep business at a reasonable level. The Yugoslavs ideally would like to acquire world-wide rights and to retain them permanently, while some British licensors would like to sell them for limited periods and regions.

Expectations

Nor have joint ventures fulfilled the expectations in Yugoslav quarters have pinned on them. British participation in Yugoslav enterprises is still minimal and while the total number of joint ventures is 165, British participation accounts for a small fraction of the total.

Possibly working groups established by the Anglo-Yugoslav Trade Council will help trade expansion but although the team on co-operation in agriculture has done well and a new working group on co-operation in third countries holds a great deal of promise much more liaison is required.

The Yugoslavs, too, could do much more to exploit the potential of the British market, particularly now that the dinar has been devalued and sterling rides high. Collective promotion of Yugoslav industrial and food products would help particularly if republics agree on a joint approach. The British market may prove receptive.

There is, in Britain, confidence in Yugoslavia's economic future. This confidence—which was slightly dimmed when President Tito died — was restored and buttressed by Prime Minister Margaret Thatcher's visit to Yugoslavia in September. Her talks with Premier Veselin Djuranovic added to the strengthening of rapport between both countries and generally dispelled the notion that Yugoslavia is politically committed to the Warsaw Pact and in economic terms to Comecon.

It helped to corroborate the fact that Yugoslavia is a free market economy with a high trade potential—something that is now generally acknowledged in Britain—with perhaps a single exception. This exception appears to be the Department of Trade which is now pondering whether to transfer Yugoslavia from its West European to its East European section—an idea which Yugoslav circles do not really appreciate—to put it at its mildest.

For their part, British industrial and business executives concerned with the practical and not the departmental aspects of British-Yugoslav trade hope that commonsense may prevail so that future Anglo-Yugoslav trade relations will remain unaffected. The latter may not seem of very great significance at the moment and their volume may not be very large but as Yugoslavia moves into full industrialisation and strengthens its ties with the Third World it could become a very important link in the chain of international trade and this fact could directly and indirectly benefit British business with Yugoslavia.

Mr. Weisskopf is editor of the Eastern European Bulletin

Broader political issues prompt new agreement

EEC LINKS

JOHN WYLES

UNTIL EARLY January this year it seemed that the European Community had come to regard Yugoslavia as a far away country about which it knew little and cared even less. This characterisation is, perhaps, hyperbolic, but certainly members of the Yugoslav Government were beginning to wonder whether the Nine attached quite the importance they claimed to achieving a balanced trading relationship and constructive political relations.

A five-year trading agreement was allowed to expire in August 1978 without a negotiated successor because the Community was ungenerous in offering tariff concessions on sufficient a range of industrial and agriculture goods to promise an impact on Yugoslavia's deteriorating trade balance with the Nine.

The political relationship with Yugoslavia could, it seemed, be taken for granted by the Nine. Yugoslavia's self-proclaimed status as "a non-aligned Mediterranean and European State" which, though Communist, had broken from the Moscow orbit meant that a balanced relationship with Western Europe had to be a priority for Belgrade.

Two events shattered the complacency. The first, the Soviet invasion of Afghanistan in December 1979, revived perennial fears in the West about Russia's readiness to use military force not just to maintain its spheres of influence but also to extend it. The second event, virtually coinciding with the Afghanistan invasion, was the long and eventually mortal illness of President Tito—the man who had not only held together a collection of disparate and sometimes squabbling Balkan republics within the sovereign State of Yugoslavia but who also engineered and sustained the break from Moscow.

Fearing that Tito's disappearance would be followed by a period of economic and political instability within Yugoslavia which might tempt Russia into a military adventure, the Nine felt they had to do something.

Response

This emerged most clearly at the first Foreign Ministers Council of the year when nearly every Minister arrived in Brussels in mid-January feeling that the Community's response to the Afghanistan invasion had been too little and too late. Somehow or other it had to be demonstrated that lines were being drawn against Soviet expansionism and inevitably the coincident illness of Marshal Tito focused attention on Yugoslavia. The dominant feeling at this extremely important meeting was that not only would post-Tito Yugoslavia need help from Western Europe; that help would need to be proferred immediately in order to demonstrate the Community's determination to maintain Yugoslavia's independent non-aligned status.

It cannot be seriously suggested that the Foreign Ministers overreacted but they gave such a political push to reconstructing the EEC's economic and political relationship with Belgrade that the Community was driven to make trade concessions that the Nine would not have considered six months earlier. Indeed the instruction from the January Ministerial meeting was that within one month the Community must have broken the back of the negotiations which had been allowed to drag on in a desultory and most unsatisfactory way for all of the previous year.

The basis of the now urgent negotiations was the fact that Yugoslavia had accepted that only a preferential agreement with the EEC would halt the steadily increasing trade deficit with the Nine which had been the main achievement of the five-year non-preferential accord which had expired in 1978. During that period the deficit had soared from $886m to $2.7bn while the Comecon share of Yugoslav exports had climbed from 31 to over 40 per cent.

The negotiating mandate the Nine handed the Commission in 1979 was fiercely indicative of protectionist inclinations which were being strengthened by rising unemployment and looming recession. The point of a preferential agreement is that it favours the junior trading partner with duty-free access for a range of its industrial products, usually those which are actually economically important or likely to contribute to the country's development by becoming so.

In 1979, however, the Nine were in such a nervous state that one Yugoslav product after another was seen as a potential threat to their interests. The result was an offer, distressing to Belgrade, which placed some 60 industrial items under import ceilings. This meant that these denominated products would enjoy free entry up to a specified volume, after which a customs duty would automatically be imposed if so requested by a member State.

Galvanised, however, by the changed political situation, the Nine transformed this negotiating mandate in the early days of February, although not without difficulty. Whereas a few months before the Community market had had to have protection against the unlimited sales of more than 60 Yugoslav industrial products, it became possible to agree that only 29 would henceforward be covered by import ceilings. These would be certain types of footwear, fertilisers, leather clothing, semi-finished steel, copper, aluminium and zinc products, plywood and furniture. Textiles were abstracted from the scope of the agreement because they are subject to controls under the GATT Multi-Fibre Arrangement.

Access

The agreement which the Community actually initialled with Yugoslavia on February 25 was, however, remarkable for far more than its industrial clauses. It partially satisfied a major Belgrade objective of improving access to EEC markets for particular agricultural products—notably morello cherries, slivovitch, wine tobacco and baby beef. It secured loan capital from the European Investment Bank worth $250m over five years for the development of industry, science and technology, agriculture, energy, tourism and fishing. It promised Yugloslav workers employed in the Community the same conditions of work and social security benefits as apply to Community workers.

It provided for an extensive range of co-operative endeavours which should supply the Yugoslavs with expertise in energy development, agriculture, transport and tourism.

Finally, the agreement provided an institutional framework in the shape of a Co-operation Council which will supervise the working of the agreement. In summary, the new relationship promised by the agreement of last February is far more extensive and accommodating than any other the Community has with any non-aligned country, European country or Mediterranean country—and Yugoslavia is the only combination of all three.

The co-operation agreement has to be ratified by the Parliaments of member States before it comes fully into force but most of its main provisions are already operating through interim protocols. In order to spread the word about export opportunities in the EEC, Commission officials have organised three seminars in different parts of Yugoslavia for local manufacturers' organisations.

Thus the Community has transformed the basis of its relationship with Yugoslavia in well inside a year. In the process it demonstrated an impressive capacity to subordinate individual national interests in the cause of a prime foreign policy requirement.

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Ideally, the successful applicant will have five year's experience of branch banking and will combine sound marketing, credit and operations knowledge with proven ability to manage and motivate people. Knowledge of Arabic would be desirable but not essential.

This position offers an extremely generous compensation package which includes free housing and generous vacation entitlement.

Applicants should send full CV. and salary history to: Head of Personnel Recruitment, Saudi American Bank, P.O. Box 833, Riyadh, Saudi Arabia.

SAUDI AMERICAN BANK

Libya

Project Accountant-£18,000

A substantial Swedish company, active in international construction, has an opportunity for an extrovert administrator for a laboratory building project in Tripoli.

Reporting direct to the project controller locally, you will handle both accounting and personnel matters for the project, which has two camps housing 100 workers in all. Aged 30-45, with a recognised accounting qualification, you should have direct experience of project accounting in construction. You have probably worked already in a developing country and know you enjoy a mixed nationality situation. A bachelor status post with free, furnished accommodation and messing plus transport. One year contract from 15th February 1981.

Please send details of qualifications and experience under reference 1675/MRC/FT to:

Robert Lee International

EXECUTIVE ADMINISTRATOR

A progressive City Partnership of Chartered Surveyors with overseas connections and a staff of about 70 in the UK seek to make an appointment to this very senior position with responsibility for Partnership affairs.

Please apply with full career particulars in strict confidence to:

Box A.7384 Financial Times 10, Cannon Street EC4P 4BY

Top Financial Copywriter

An exciting opportunity with one of the country's fastest growing agencies. To work on a portfolio of accounts including a Building Society, a Bank, a Friendly Society and an Insurance Company.

The salary and working conditions are excellent. (Re-location expenses will be paid where appropriate.) We are looking for a selfstarter with considerable knowledge and experience. This is a new appointment and is one of the top jobs in its field in the country.

Applications in strictest confidence with full Curriculum Vitae to: Peter Donoghue, Deputy Managing Director.

ROYDS MANCHESTER LIMITED

Bonis Hall, P.O. Box 28, Prestbury, Macclesfield, Cheshire SK10 5EF.

DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

MINISTRY OF FISHERIES

Vacancy for a Naval Architect

1. The Ministry of Fisheries is implementing a Fishery Development Project funded by the Abu Dhabi Fund for Arab Economic Development. The Project includes the construction of 80 Nos. GRP 34 foot Gill Net/Long Liners and 10 Nos. GRP 34 foot Trawlers. 10 Nos. GRP 34 foot Gill Net/Long Liner prototype vessels are under construction on the basis of designs prepared by Consultants.
2. The Ministry of Fisheries requires a Naval Architect to be present during prototype trials and also to finalise the designs for the balance vessels based on the results of the prototype trials. He will be required to make any necessary amendments to the Hull Designs and also advise on the selection of outfitting equipment for the vessels. He will also be required to plan and supervise all stages of construction, maintain close liaison with the Boat Yards and advise the Ministry and Project Manager on all appropriate aspects relating to costing, procurement and efficient administration of the Project.
3. Applicants should have a Degree from a recognised University in Naval Architecture and/or be a Corporate Member of the Royal Institute of Naval Architects, England, or possess equivalent qualifications. They should have good practical experience of not less than 10 years in the design and building of small craft in GRP, be capable of making all calculations relating to power and structures in the production of working and detailed drawings. The selected applicant will also instruct Local Staff attached to the Project. Fluency in English is essential.
4. The selected applicant will have an opportunity to participate in and contribute to major fishery development programmes undertaken by the Ministry of Fisheries. These programmes ioclude constructioo of a variety of fishing vessels aod the initiation of deep sea fishing ventures. Accordingly be will have scope for tbe full employment of his professional experience in a developing country.
5. The salary payable is around U.S. Dollars Four Thousand (US$4,000) per mooth. Air passage to and from Sri Lanka will be paid. Housing accommodation or an allowance io lieu will also be provided. Other conditions of service are oegotiable. Employment will initially be oo a cootract for ooe year subject to renewal.
6. The successful candidate may have to assume duties about the end of February, 1981.

Applications to be sent to Anura Weeraratne, Secretary, Ministry of Fisheries, P.O. Box 1707, Sir Mohamed Macan Markar Mawatha, Galle Face, Colombo-03, Sri Lanka, preferably before 31st Jaouary, 1981.

WILLIAMS de BROE HILL CHAPLIN & COMPANY

CORPORATE FINANCE

STOCKBROKING

To expand this Department we are seeking a Corporate Finance Executive. The successful candidate should preferably be aged 35-45 and will probably have a professional qualification although this will not be essential if he or she has previously had good experience in this work.

The Executive will be involved in a wide range of corporate finance activities and will be expected to attend most meetings with corporate clients of the firm, marketing the firm's services and developing new business.

Salary is entirely negotiable and will not be a limiting factor for the successful candidate. Prospects for the right person will also include an expectation of partnership.

Please write with previous experience to.—

The Staff Partner
WILLIAMS de BROE HILL CHAPLIN & COMPANY
P.O. Box 515, Pinners Hall, Austin Friars, London EC2P 2HS

THE SOCIALIST PEOPLE'S LIBYAN ARAB JAMAHIRIYA

JOB OPPORTUNITY IN LIBYA

Applications are ihvited for the posts of Senior/Junior Auditors. The following qualifications ere necessary.

SENIOR AUOITOR:
- I) ACA, ACCA or ACMA
- ii) M.Com/MBA or MPA with five yeers post qualification experience in auditing/accounting

JUNIOR AUDITOR:
- i) SAS Accountant
- ii) B.Com with at least ten years post qualification experience in auditing/accounting
- iii) Graduates with at least ten years post qualification experience in audiding/accounting

The candidate must be fluent and perfect in the English language. Preference will be given to the candidates who can write and understand Arabic. Salary will be fixed in accordance with the civil service rules end regulations commensurate with qualification and experience of the candidates. Upon satisfactory result of the interview, offer will be made by the interview board straight away.

Applications eddressed to The Head of the Dewan of Audit should be submitted to The People's Bureau of the Socialist People's Libyan Arab Jamahiriya, 5 St. James's Square, London SW1Y 4JU within two weeks from the date of advertisement. The date for Interview will be announced through the local daily newspapers.

THE AUDITOR GENERAL
S.P.L.A.J.
TRIPOLI
P.O. BOX 2479

Top Executives

If you are finding your talents wasted – we can help.

In the serious business of marketing yourself MINSTER EXECUTIVE provides the professional, individual and comprehensive career counselling service that has achieved outstanding results.

After evaluating your full potential we direct you through every stage of the job search, furnishing you with material individually tailored to your specific needs, and counsel in the art of being interviewed.

As professionals we have an acknowledged standing in the employment market. We invite you to a preliminary discussion to discover why our clients have been so successful.

MINSTER EXECUTIVE LIMITED
28 Bolton Street, London W1Y 8HB. Tel: 01-493 1309/1085

COMPANY NOTICES

ORANGE FREE STATE GOLD MINING COMPANIES

Administered by ANGLO AMERICAN CORPORATION

(All of which are incorporated in the Republic of South Africa)

CLOSING OF REGISTERS

For the purpose of the annual general meetings and general meetings of the undermentioned companies to be held at 44 Main Street, Johannesburg, on Thursday, January 29, 1981, at the times stated below, the transfer registers and registers of members of these companies will be closed from January 23 to 29, 1981, both days inclusive:

Name of company	Time of annual general meeting	Time of general meeting
Western Holdings Limited	10h00	10h15*
Welkom Gold Mining Company Limited	10h45	11h00*
Free State Saaiplaas Gold Mining Company Limited	11h30	11h45*
President Brand Gold Mining Company Limited	12h15	—
President Steyn Gold Mining Company Limited	12h30	—
Free State Geduld Mines Limited	12h45	—

* or immediately following the termination of the respective annual general meeting, whichever is the later.

By Order of the Boards
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per: R. S. EDMUNDS
Companies Secretary

London Office:
40 Holborn Viaduct
London
EC1P 1AJ
December 18, 1980

FREE STATE GEDULD MINES LIMITED

(Incorporated in the Republic of South Africa)

ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the thirty-fourth annual general meeting of members of Free State Geduld Mines Limited will be held at 44 Main Street, Johannesburg, on Thursday, January 29, 1981 at 12h45 for the following business:

1. To receive and consider the annual financial statements of the company for the financial year ended September 30, 1980.
2. To elect directors in accordance with the provisions of the company's articles of association.

The head office and United Kingdom transfer registers and registers of members of the company will be closed from January 23 to 29, 1981, both days inclusive.

Holders of share warrants to bearer who are desirous of attending in person or by proxy or of voting at the annual general meeting must comply with the regulations of the company under which share warrants to bearer are issued.

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and, on a poll, vote in his stead. A proxy need not be a member of the company.

By Order of the Board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per R. S. EDMUNDS
Companies Secretary

Registered Office: 44 Main Street, Johannesburg 2001.
Postal Address: PO Box 91587, Marshalltown 2107.
London Office: 40 Holborn Viaduct, London, EC1P 1AJ.

December 18, 1980

PRESIDENT STEYN GOLD MINING COMPANY LIMITED

(Incorporated in the Republic of South Africa)

ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the thirty-third annual general meeting of members of President Steyn Gold Mining Company Limited will be held at 44 Main Street, Johannesburg on Thursday, January 29, 1981, at 12h30 for the following business:

1. To receive and consider the annual financial statements of the company and the group annual financial statements of the company and its subsidiary for the financial year ended September 30, 1980.
2. To elect directors in accordance with the provisions of the company's articles of association.

The head office and United Kingdom transfer registers and registers of members of the company will be closed from January 23 to 29, 1981, both days inclusive.

Holders of share warrants to bearer who are desirous of attending in person or by proxy or of voting at the annual general meeting must comply with the regulations of the company under which share warrants to bearer are issued.

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and, on a poll, vote in his stead. A proxy need not be a member of the company.

By Order of the Board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per R. S. EDMUNDS
Companies Secretary

Registered Office: 44 Main Street, Johannesburg 2001
Postal Address: PO Box 61587 Marshalltown 2107.
London Office: 40 Holborn Viaduct London EC1P 1AJ
December 18, 1980

PRESIDENT BRAND GOLD MINING COMPANY LIMITED

(Incorporated in the Republic of South Africa)

ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the thirty-second annual general meeting of members of President Brand Gold Mining Company Limited will be held at 44 Main Street, Johannesburg, on Thursday, January 29, 1981, at 12h15 for the following business:

1. To receive and consider the annual financial statements of the company and the group annual financial statements of the company and its subsidiary for the financial year ended September 30, 1980.
2. To elect directors in accordance with the provisions of the company's articles of association.

Holders of stock warrants to bearer who are desirous of attending in person or by proxy or of voting at the annual general meeting must comply with the regulations of the company under which stock warrants to bearer are issued.

The head office and United Kingdom transfer registers and registers of members of the company will be closed from January 23 to 29 1981, both days inclusive.

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and, on a poll, vote in his stead. A proxy need not be a member of the company.

By Order of the Board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per R. S. EDMUNDS
Companies Secretary

Registered Office: 44 Main Street, Johannesburg 2001.
Postal Address: PO Box 61587, Marshalltown 2107.
London Office: 40 Holborn Viaduct, London, EC1P 1AJ.

December 18, 1980

ASIA NAVIGATION INTERNATIONAL LIMITED

NOTICE TO HOLDERS OF US$50,000,000 6½ PER CENT CONVERTIBLE GUARANTEED BONDS 1989

At the Meeting of the holders of the US$50,000,000 6½ per cent. Convertible Guaranteed Bonds 1989 ("Bonds") of Asia Navigation International Limited held on 8th December, 1980 the Extraordinary Resolution was duly passed approving the proposal set out in the circular dated 12th November, 1980 made available to Bondholders through the Paying Agents, whereby (inter alia) the existing conversion rights attached to the Bonds were to be cancelled and the holders of Bonds would instead become entitled to convert their Bonds into Ordinary Shares of HK$0.50 each of World International (Holdings) Limited, the holding company of Eastern Asia Navigation Company Limited, and payments of principal, premium (if any) and interest in respect of the Bonds were to be guaranteed by World International (Holdings) Limited, jointly and severally with Eastern Asia Navigation Company Limited. The proposal has thereby become effective as from 8th December, 1980 and Bondholders are now entitled to convert their Bonds at a price of HK$6.80 per share, applying the fixed exchange rate of US$1 = HK$5.07 as stated in the Trust Deed constituting the Bonds.

It is not proposed to call in the existing Bonds, which will remain valid, but Bondholders have the right to exchange existing Bonds for new Bonds, free of charge, on surrender of the existing Bonds, together with all unmatured coupons, at the offices of The Chase Manhattan Bank, N.A. at Woolgate House, Coleman Street, London EC2P 2HD or Kredietbank S.A. Luxembourgeoise at 43 Boulevard Royal, Luxembourg. It is expected that new Bonds will be available on or about 12th January, 1981.

According to the regulations of the Luxembourg Stock Exchange, on which the Bonds are listed, the old Bonds will remain good delivery at the Exchange for six months from 12th December, 1980. With effect from 12th June, 1981, new Bonds will be required for delivery in completion of transactions on the Luxembourg Stock Exchange.

Will Bondholders please note that in view of the existence of Paying and Conversion Agencies in London, Luxembourg, Brussels and Frankfurt/Main, it has been decided that the Paris Agency can be conveniently Discontinued. Accordingly, notice is hereby given in accordance with Condition 9 of the Bonds that after 31st December, 1980 Chase Manhattan Bank, N.A. at 41, Rue Cambon, 75, Paris, 1 er, will cease to be a Paying and Conversion Agent in respect of the Bonds.

By Order of the Board of
EASTERN ASIA NAVIGATION COMPANY LIMITED
World-Wide Secretaries Limited
Secretaries.

8th December 1980.

BAYER AKTIENGESELLSCHAFT

5% Convertible Loan Stock 1969

S. G. WARBURG & CO. LTD., announce that the interest for the period 1st January, 1980 to 31st December, 1980 will be payable from 2nd January, 1981, at the rate of 7.7188 per cent per annum against presentation of Coupon No. 12.

Coupons should be lodged with:—
S. G. WARBURG & CO. LTD.,
Coupon Department,
St. Albans House
Goldsmith Street,
London EC2P 2DL.
from whom claim forms can be obtained.

United Kingdom Income Tax will be deducted at the rate of 30p in the £ unless claims are accompanied by an affidavit.

German Capital Yields Tax deducted at 25 per cent is recoverable in full by United Kingdom residents and S. G. WARBURG & CO. LTD., will provide appropriate forms for such recovery upon application.

30, Gresham Street, London EC2P 2EB.
19th December, 1980.

NOTICE TO THE BONDHOLDERS OF ASIA NAVIGATION INTERNATIONAL LIMITED, BERMUDA

NOTICE IS HEREBY GIVEN that the Register of Members of World International (Holdings) Limited, 21st Floor, Prince's Building, Hong Kong, will be closed from 6th January to 14th January, 1981, both days inclusive, during which period the 6½% Convertible Guaranteed Bonds 1989 issued by Asia Navigation International Limited, Bermuda, on 6th March, 1974, will not be convertible into fully paid Registered Ordinary Shares of World International (Holdings) Limited.

By Order of the Board.
WORLD-WIDE SECRETARIES LIMITED
Secretaries.

19th December, 1980.

PROVINCE OF QUEBEC 7½% SINKING FUND

Debentures due 15th January 1988

Debentures covering US$1,000,000 have been purchased on the market to satisfy the Purchase Fund due 15th January 1981.

MAKITA ELECTRIC WORKS, LTD.

(CDRs)

Referring to the advertisement of 25th July 1980 the undersigned announces that the new shares from 10% bonus have been received. As from December 29th, 1980 the new CDR Makita Electric Works, Ltd. cum. div. cp. no. 23 and talon will be gratuitously obtainable at Kas-Associatie N.V., Spuistraat 172, Amsterdam against delivery of the required div. cps. no. 21.

As to the outstanding CDRs of resp. 50 and 1,000 shs. each, a holder of 10 CDRs of the same denomination is entitled to receive one new CDR of that denomination.

Combination of denominations is possible.

After 27.2.1981 the equivalent of the CDRs which have not been claimed by the holders of div. cps. no. 31 will be sold. The proceeds, after deduction of expenses, will be held in cash at the disposal of said holders.

Further the undersigned announces that as from December 29th, 1980 at Kas-Associatie N.V. in Amsterdam, div. cp. no. 22 (accompanied by an "Affidavit") of the CDRs Makita Electric Works, Ltd., will be payable with Dfls. 2.64, net per CDR, repr. 50 shs. and Dfls. 52.80 per CDR, repr. 1,000 shs. (div. per record-date 0.20.80: gross Yen 9.0 p.sh.) after deduction of 15% Japanese tax = Yen 45 = Dfls. 0.47 per CDR, repr. 50 shs. and Yen 900 = Dfls. 9.40 per CDR, repr. 1,000 shs.

Without an Affidavit 20% Jap. tax (= Yen 60 = Dfls. 0.62 p. CDR repr. 50 shs. and Yen 1,200 = Dfls. 12.40 p. CDR. repr. 1,000 shs.) will be deducted.

After 3.31.1981 the div. will only be paid under deduction of 20% Jap. tax with Dfls. 2.49 net per CDR repr. 50 shs. and Dfls. 49.80 net per CDR repr. 1,000 shs., in accordance with the Japanese tax regulations.

AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam,
December 12th, 1980.

NOTICE OF PREPAYMENT

SOCIETE NATIONALE DES CHEMINS DE FER FRANCAIS (SNCF)

U.S.$50,000,000 FLOATING RATE NOTES DUE 1985 TO 1997

Holders of Notes are informed that SNCF will prepay on February 4, 1981, in accordance with the terms and conditions of the Notes, the total amount outstanding of above-mentioned loan (i.e. U.S.$50,000,000) at 100%.

As from February 4, 1981 interest will cease to accrue and the Notes should be presented for redemption to one of the paying banks, where payment of interest and reimbursement of principal will be made in accordance with the terms and conditions of the Notes.

Luxembourg,
December 19, 1980.

The Fiscal Agent
KREDIETBANK S.A. Luxembourgeoise

CHILEAN EXTERNAL LONG TERM DEBT LAW NO. 8962

CHILEAN 4½% LOAN 1887

NOTICE IS HEREBY GIVEN that a Drawing of Bonds of the above loan took place on 8th December 1980, attended by Mr. Keith Francis Croft Baker of the firm of John Venn & Sons, Notary Public, when the following bonds were drawn for redemption at par on 1st January 1981, from which date all interest thereon will cease:

1 Bond of £1,000 Nominal Capital
31639

3 Bonds of £100 Nominal Capital Each
22597 23237 24790

4 Bonds amounting to £1,300 nominal capital.

Witness: K. F. C. Baker, Notary Public.

Each of the above bonds when presented at the office of N. M. Rothschild & Sons Limited for redemption must bear the coupon dated 1st July 1981, and all subsequent coupons, otherwise the amount of the missing coupons will be deducted from the principal to be repaid.

The usual interval of four clear days will be required for examination.

CHILEAN 5% LOAN 1905

NOTICE IS HEREBY GIVEN that a Drawing of Bonds of the above loan took place on 8th December 1980, attended by Mr. Keith Francis Croft Baker of the firm of John Venn & Sons, Notary Public, when the following bonds were drawn for redemption at par on 1st January 1981, from which date all interest thereon will cease:—

1 Bond of £1,000 Nominal Capital
77

4 Bonds of £500 Nominal Capital Each
421 683 894 705

37 Bonds of £100 Nominal Capital Each

1534	1840	2031	2616	3229	4001
4249	4260	4268	4276	4282	4288
4297	4306	4312	4326	4333	4342
4350	4351	4362	4366	4426	4954
5327	5335	5377	5682	5794	5858
5921	5925	5930	6212	6591	6759
6874					

42 Bonds amounting to £6,700 nominal capital.

Witness: K. F. C. Baker, Notary Public.

Each of the above bonds when presented at the office of N. M. Rothschild & Sons Limited for redemption must bear the coupon dated 1st July 1981, and all subsequent coupons, otherwise the amount of the missing coupons will be deducted from the principal to be repaid.

The usual interval of four clear days will be required for examination.

New Court,
St. Swithin's Lane,
London EC4P 4DU.
19th December, 1980.

TORAY INDUSTRIES, INC.

(formerly Toyo Rayon Kabushiki Kaisha)

S. G. WARBURG & CO. LTD., announce that a dividend of Yen 3.00 per share has been paid to shareholders on the books of the above Company as at 30th September, 1980, in respect of the six month period ended on that date.

Holders of Bearer Depositary Receipts issued by S. G. Warburg & Co. Ltd., may present Coupon No. 36 for payment forthwith at their Coupon Department, St. Albans House, Goldsmith Street, London EC2P 2DL or at Banque Internationale a Luxembourg, 2 Boulevard Royal, Luxembourg subject to deduction of Japanese Withholding Tax and United Kingdom Income Tax (if any) at the appropriate rates. Details of tax deduction can be obtained from Paying Agents.

S. G. WARBURG & CO. LTD.
As Depositary.

19th December, 1980.

JARDINE SECURITIES LIMITED

NET ASSET VALUE

Jardine Securities Limited announce that as at 30th November, 1980, the unaudited Net Asset Value of the Company's shares, based on the market value of its investments, was HK$24.78 per share.

Hong Kong,
12th December, 1980.

URUGUAY 5 PER CENT CONVERSION GOLD LOAN 1905 AND URUGUAY 5 PER CENT PUBLIC WORKS LOAN 1909

ASSENTED BONDS

Williams and Glyn's Bank Limited hereby give notice that they have received instructions from the Banque de Paris et des Pays-Bas S.A., Paris to pay to the extent of the funds which may be provided for the purpose coupons of the above due 1st January 1981 in sterling at the rate of £0.175 per unit coupon, representing interest at 3½%, in accordance with the terms of the offer of the Urug. Government dated 3rd January, 1939.

LEGAL NOTICES

IN THE MATTER OF THE COMPANIES ACT 1948 AND IN THE MATTER OF E. S. CHAMBERLAIN LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 299 of the Companies Act 1948 that a General Meeting of the Members of the above named Company will be held at the offices of Floyd Nash and Co., 218 Strand, London, W.C.2, on Thursday the 15th day of January, 1981, at 10.00 a.m. to be followed at 10.15 a.m. by a General Meeting of the Creditors for the purpose of receiving an Account of the Liquidator's Acts and Dealings and of the conduct of the Winding-Up to date.

Dated this 12th day of December, 1980.

R. E. FLOYD, Liquidator.

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 734 0557.

ART GALLERIES

BROWSE & DARBY, 19, Cork Street. JOSEF HERMAN. 10-5.30. Sats. 10-12.30.

FINE ART SOCIETY, 148, New Bond St., W1. 01-629 5116. GLUCK. Also Della Robbia Art Pottery.

LEGER, 13, Old Bond St., English Watercolours Exhibition including Girtin, Turner, Constable. Also Helen Allingham Exhibition. Daily except Sats.

LUMLEY CAZALET, 24, Davies St., W1. 499 5058. CAMILLE PISSARRO — etchings and lithographs. Until 9 Jan.

MATHAF GALLERY, 24, Motcomb Street, London, SW1. 235 0010. Specialists in 19th C. and Contemporary Paintings for ARABIA.

MARLBOROUGH, 6, Albemarle St., W1. JOHN WONNACOTT First London Exhibition 17 Dec-31 Jan. '81. Mon.-Fri. 10-5.30. Sat. 10-12.30. Closed 25-27 Dec. & 1-3 Jan.

WHITECHAPEL ART GALLERY, Whitechapel High St. (Tube Aldgate East), 01-377 0107. Until 11 Jan. MAX BECKMANN: THE TRIPTYCHS (in association with Arts Council): GEORGE BASELITZ: MODEL FOR A SCULPTURE. Sun-Fri 11-6. Cl. Sat. Adm. Free.

NICOLA JACOBS GALLERY, 9, Cork St., W1. Tel: 437 3868. A decorative aspect ... 60 ... 18th Dec to 29th Jan.

هكذا من الأصل

Business courses

International Seminar on Management Development, Geneva. January 19-30. Fee: SwFr 5,500. Details from Centre d'Etudes Industrielles, 4 chemin de Conches, CH-1231, Geneva, Switzerland

Learn the Language of Money — Business Finance for non-Accountants, Amsterdam. January 21-23. Details from AMR International, 6/10 Frederick Close, Stanhope Place, London W2 2HD

The Economic Environment of the 1980s, Henley. January 26-30. Fee: £480 (plus VAT). Details from The Registrar, The Administrative Staff College, Greenlands, Henley-on-Thames, Oxfordshire RG9 3AU

Management Skills for Women, Worthing. January 14-15. Details from MSS Computer and Business Consultancy, MSS House, 54 Chapel Road, Worthing, West Sussex BN11 1BE

Essentials of Treasury Management, London. February 9-10. Fee: £375 (plus VAT). Details from AMR International, 6/10 Frederick Close, Stanhope Place, London W2 2HD.

Merchandising: how to make it pay, London. February 24. Fee: £125 (plus VAT). Details from The Retail Management Development Programme, 5/6 East Street, Brighton, BN1 1HP.

Managing International Differences: the consequences of national cultures, London. January 30. Fee: £30 (plus VAT) (members of the ATM), £40 (plus VAT) (non-members). Details from the Association of Teachers of Management, Polytechnic of Central London, 35 Marylebone Road, London NW1 5LS.

Strategic Marketing Planning, Brussels. February 23-27. Details from Management Centre Europe, avenue des Arts 4, B-1040 Brussels, Belgium.

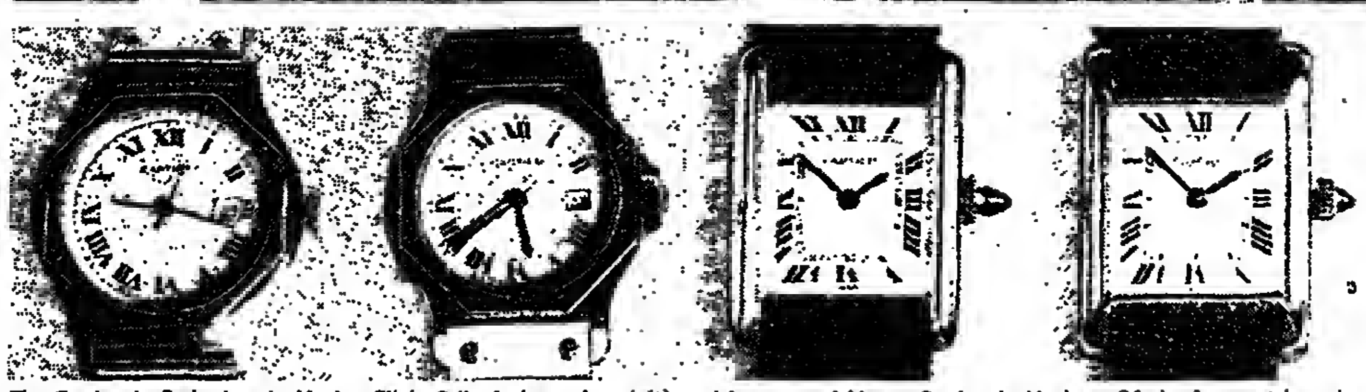
Identifying Training Needs for Managers and Professionals, Uxbridge, Middlesex. January 22-23. Fee: £185. Details from The Secretary, Management Programme, Brunel University, Uxbridge, Middlesex UB8 3PH.

Modern Management Information Systems, Henley, Oxfordshire. January 27-30. Fee: £405 (plus VAT). Details from The Administrative Staff College, Greenlands, Henley-on-Thames, Oxfordshire RG9 3AU.

Business Prospects in the UK in 1981-82, London. January 20. Fee: £85 (plus VAT). Details from Seminar Secretary, Institute of Marketing, Moor Hall, Cookham, Berkshire SL6 9QH.

Why Cartier is trying to reclaim its name

William Chislett reports on a Mexican controversy



The Cartier de Paris shop in Mexico City's Calle Amberes (top left) and its near neighbour, Cartier de Mexico. Of the four watches, the two counterfeits are on the outside. A Cartier de Mexico tank watch sells for 6,500 pesos (£120) and the genuine article for 65,800 pesos (£1,216)

SHOPPERS in Mexico City's Calle Amberes in the fashionable Zona Rosa district can be forgiven for looking confused. Less than 20 yards apart are two Cartier shops, both with windows gleaming with jewellery. The outside of both shops look similar and the interiors exude a luxurious atmosphere of wealth.

When France's ambassador in Mexico arrived last month at number nine Calle Amberes for the opening of a branch of the Paris company established by Louis Francois Cartier in 1847, he almost went into the other shop at number 15 by mistake. This shop—and 13 others—are run by Cartier de Mexico, a local company, which has no connection with the French manufacturer.

For the past decade Cartier de Mexico has been operating a highly successful business selling cheaply made look-alikes of the Cartier originals. Now Cartier of Paris has moved into Mexico with a vengeance and has set up shop only a couple of doors away from its rival.

Cartier of Paris is not the only international business which is being copied in Mexico. Through an oversight, Cartier did not protect its trademarks in Mexico; this enabled Cartier de Mexico to establish itself in 1968 and register well known international trade marks and the Cartier name as its own.

Fat fees

Only a stone's throw from Cartier de Mexico are Gucci and Chemise Lacoste shops which have no links with the European houses. Nearby there is a "Tiffany" jewellers selling Mexican Cartier watches and there are also shops selling Chanel perfume and Christoffe jewellery which have nothing to do with the French-based organisations.

Incensed by the blatant copying, the real Cartier has taken its battle right into Mexico rather than await any more decisions from the Mexican courts concerning the status of the other Cartier.

The French Cartier was granted permission to set up shop and import its goods after the issue was raised last year during the visit of President Valery Giscard d'Estaing to Mexico City.

The matter, which has been raised by virtually every French official who has come to Mexico, has taken on political overtones, and the Mexican Government has eased the judicial and bureaucratic process for Cartier.

The highly complex and protracted legal situation, which is earning fat fees for lawyers on both sides, is worthy of a Kafka novel.

The Mexican manufacturer says that it is initiating proceedings against Cartier of Paris for using trademarks which it has registered, and the French Cartier is doing the same.

"There can be no morality or immorality in trade marks," says Jorge Juarez Pappas, the lawyer representing Cartier de Mexico.

He explained that Mexican law is specific on trademarks and that if they are registered but not used or re-registered—within a period of three years now as opposed to ten—then other parties can "adopt" these trademarks. The lawyer said that trademarks were there to be used and not to lie idle.

Meanwhile, the two sides have started to run advertisements against one another. In the November issue of a glossy U.S. magazine, which has a very exclusive readership, Cartier of Paris stated: "Cartier is not connected or affiliated in any way with the company presently doing business in Mexico City and Acapulco under our name. This company is using the Cartier name, trademark and designs without our permission or authorisation."

However, Cartier de Mexico, in a recent advertisement couched in nationalistic terms in a Mexican newspaper, said: "We shall fearlessly confront the inopportune and sudden interest of the French company in the Mexican economy. While this (the French) company has always belittled the size and quality of the Mexican market, we have bad faith in it for 14 years."

Cartier of Paris registered a trade mark in Mexico in 1946, but because it did not use it for 10 years, as the law then stipulated, Fernando Pelletier, a Mexican businessman endowed with a fierce entrepreneurial spirit and an equally large streak of boldness, was able to register the Cartier name as his own. When Cartier of Paris opened its shop just a few doors away, Pelletier sent a bunch of flowers and a congratulatory note.

Pelletier began life as a door-to-door watch salesman and then acquired the local agency for the Swiss-made Piaget watches before discovering that Cartier's registration of its trademark had expired.

Cartier de Mexico has since flourished into a chain of 14 shops, mainly in luxury hotels and resorts like Acapulco. U.S. tourists are an important segment of the Mexican manufacturer's market.

The annual turnover of Cartier de Mexico is estimated at \$7m. Alain Perrin, of the French Cartier, recently said that the Mexican pirate operation was costing Cartier between \$3m and \$4m in lost profits.

According to Cartier of Paris, Pelletier once offered to sell his concern for \$4.5m and more recently he suggested a joint venture with the French company.

The French manufacturer would have nothing to do with either proposition and decided, after a visit to Mexico in 1979 by its overall president, Robert Hocq, that the only way was to move into Cartier de Mexico's ground.

Cartier of Paris had never really taken the situation in Mexico very seriously until last year when Hocq realised the full extent of the Mexican operation.

Some Mexicans who bought Cartier de Mexico's watches and found that they developed problems, took them while on holiday in France to Cartier's main store on the Place Vendome in Paris—only to be told that they had not bought the genuine article.

The Mexican manufacturer only offers a one year guarantee which is valid in Mexico only. Cartier of Paris gives lifelong guarantees valid all over the world.

"Lots of people were fooled," said Flora Burillo, recently hired by the French manufacturer to look after public relations in Mexico. She herself had been taken in by Cartier de Mexico until her gold ring, acquired from the Mexican manufacturer, began to turn a musty yellow.

Empress Farah of Iran was herself fooled—and may still not know it—when she went on a spree in Cartier de Mexico's shop in the Hotel Camino Real in 1975. The Empress, according to a former associate of the Mexican manufacturer, could not believe her luck when she found that the jewellery was so cheap and practically bought out the shop.

Cartier de Mexico has very cleverly copied, down to the smallest detail, the original Cartier products. On watches, for example, the watch movement is cheap and the gold filling is poor quality but the dial and presentation look right.

The Mexican manufacturer imports the parts and assembles them in Mexico. Cartier of Paris imports the finished products from Switzerland and sells in Mexico at exactly the same prices as in Paris and New York.

The French manufacturer spends a lot of money on the watch movement, reportedly as much as \$250, whereas the Mexican manufacturer spends a couple of dollars. While Cartier of Paris uses solid gold, Cartier de Mexico covers brass with five-micron gold. The Mexican manufacturer's products sell for anything from three to ten times cheaper.

The problem for Cartier of Paris now is to develop its market in Mexico. Since there is a large price difference between its products and those of the Mexican manufacturer, Cartier's problem will be to convince people of the merits of buying the real thing at a much greater cost.

A large chunk of the Mexican manufacturer's clients are tourists and they will most probably continue to buy Cartier de Mexico goods. Rich Mexicans, however, who have mistakenly bought the national product thinking it was the real Cartier have already started to switch allegiance.

Shortly before Cartier of Paris opened in Calle Amberes, it held a small, private show in the Hotel Camino Real. Only 15 guests were invited and they bought over \$300,000 worth of watches, jewellery and leather goods in two days. There was literally nothing left—which gives an indication of the wealth of the Mexican market.

Fighting back

The French manufacturer has been very astute in setting up shop so close to the opposition. It took Cartier of Paris some six months to persuade the owner of the premises, an interior decorator, to rent the space, but the French manufacturer was determined to take the Mexican bull by the horns.

One of the assistants in the shop used to work for Cartier de Mexico and she is expert at telling the difference.

By bringing its complaint right to the feet of its opposition, Cartier of Paris has drawn attention to its plight. The certificate prominently displayed in its shop window leaves no one in doubt about who is the real Cartier.

Apart from its shop in Calle Amberes, Cartier of Paris is also selling its goods in Palacio de Hierro and Liverpool—two large department stores in the Mexican capital.

Next year, there are plans to open a large shop in Polanco, the most exclusive residential area in Mexico City, and long-term plans for shops in Acapulco, Cancun, Guadalajara and Monterrey, the major national and tourist markets in the country.

The French manufacturer is also planning a \$500,000 advertising budget in Mexico for 1981 when it will start to advertise in the Mexican hotel magazines, the main publicity outlet for Cartier de Mexico.

Cartier of Paris has won the first round of its battle, but it remains to be seen whether its rival will go out of business.

Technical News

EDITED BY ARTHUR BENNETT AND ALAN CANE

Harvesting the peat with hydraulics

RUSSIA'S PEAT industry produces over 12m tonnes a year most of which is used as fuel for power stations. Her methods of harvesting were witnessed in the '50s by a former Secretary of State for Scotland, Tom Johnson, who returned home and set up PECO (Peat Experimental Company) with government funds, civil servants and university professors.

This soon became moribund and was eventually taken over in 1962 by Caledonian Peat Products of Falkirk which says that Scotland's 800,000 acres of peat are harvested for sale to horticulturists for marketing as compost or soil dressing.

It harvests milled peat on the PECO system which is a specialised business demanding purpose built equipment to cope with the moist and spongy terrain.

Milled peat can be harvested only during a few weeks in the year — in June and July when the area is sufficiently dry to support heavy equipment.

Caledonian designs and builds its own milling, spooning ridging and harvesting machines and says it can ensure powerful and reliable operation under difficult conditions by using Abex Denison hydraulic transmissions for its machines.

Wide, wooden tank-type tracks support and transport the heavy harvesting machines across the peat production and turning areas without adding unduly to the weight of the vehicle. Motive power is provided by a large diesel engine which drives the tracks through a specially designed gearbox with a through shaft connected to the Denison Series 6 pump. Four Denison vane pumps are driven from power take-off points on the same gearbox for auxiliary operations.

The peat purveyor says that a hydraulic transmission provides smoother acceleration/deceleration than a conventional gear change and has a considerable advantage on the fields where any sudden speed change could result in track-skidding and possible sinking into the soft surface.

A major advantage, too, is in the Series 6 transmission's high power/weight ratio—considerable power is required to move the heavy harvesting machine across a field, but this transmission achieves this within a compact and comparatively lightweight package.

Caledonian uses diesel-driven, half-tracked machines for spooning and ridging the peat prior to harvesting, in this case using a larger Series 7 axial piston pump to drive two high torque/low speed motors for the main transmission. Denison Type T3B vane pumps are used for steering and to adjust the height of the ridging blades at the front and rear ends of the machine.

More from Abex Denison, Victoria Gardens, Burgess Hill, Sussex (04446 5121).

Packs up the bottles

FASTEST MACHINE of its type to be produced in the UK is its wrap-round, case and tray packager, claims maker Robot Packaging, Gothenburg Way, Sutton Fields Industrial Estate, Hull, North Humberside (0482 831347).

Called the Robot Chieftain, it can be a normal traymaker/loader or a bottle packer in its simplest form, with speed capabilities of 40 cases a minute.

Besides providing existing advantages of wrap-round systems for bulk bottle delivery, economical blanks, reduced distribution and production costs, the company believes that the modular construction of the machine will more than halve the investment traditionally required for a second machine.

A new development offered by Robot is the random feature which automates the adjustment and changeover required to pack different products in different packs. This allows up to three different product lines to be packed on a random basis.

Program memory can be easily changed

BY GEOFFREY CHARLISH

IN THE New Year, Intel will start production deliveries in Europe of its electrically erasible, programmable read only memory — in the jargon shorthand, "E-squared PROM."

First seen at the Elektronika Exposition in Munich in November, the Intel 2816 is a 16,000 bit, non-volatile memory — that is, it does not need a power connection to retain its contents. (In many of the earlier memory designs, if the power was removed, the stored data was lost.)

The important advantage of the device however is that it can be both erased and programmed electrically in the field, without removal from in-service equipment. It is also very fast, with an access time of 250 nanoseconds (thousand millionth of a second). The memory is used in the "read only" mode — for example in a microcomputer to store instructions that are used over and over again—as opposed to a random access type where data can be entered, extracted and exchanged in the various locations of the memory to provide a working store for application data.

First memories

The first program memories, ROM or read-only memory could only be programmed once by the manufacturer with instructions provided by the buyer—and once programmed could not be altered. Each program change needed a new ROM. The next step was the PROM or programmable read only memory; these could be fixed once by the user and so are bought in advance and installed when needed.

An important step forward was the EPROM — erasible PROM because it can be stocked and programmed by the end user, but can be reprogrammed thousands of times, eliminating the need to scrap expensive parts each time a programming change is needed.

The trouble with the EPROM however, is that it has to be removed from the equipment to be erased by exposure to ultra-violet light and re-written electrically with the new program.

Nevertheless, EPROMS are the most popular program store device: although originally conceived as a development tool for designers who change programs frequently while prototyping and de-bugging a system, they are now often used in production equipment since they offer potential value to the end user who may wish to make a program change.

Intel's latest development is described by the company as "the ultimate in program store flexibility." The 2816 can be electrically re-programmed by the user but without the inconvenience, time or expense involved in removing an EPROM from the equipment, sending to a service facility, erasing and re-programming it and then replacing it in the equipment.

The device needs only the application of a 21 volt pulse lasting about 10 milliseconds to erase or write any byte (word) of memory. All that is needed is a programming pulse generator and a timing circuit.

In practice in a microprocessor for example, this individual byte erase ability means that a single line program change can be made in 20 milliseconds—100 times faster than with a bulk erase device that must be completely erased and re-written.

The faster access time will also be useful to designers, who often will be able to eliminate the so-called "wait" states in a high performance microprocessor's program that usually have to occur to allow for slow program memory.

Prices

Opening price of the 2816 in the U.S. in 100-piece purchases was \$155, but the company believes that by the mid-80s volume production will bring the price into parity with EPROM—at which time the new units may replace EPROMs as the standard program store in microprocessor-based equipment. In the meantime, E-squared PROM will be designed into those applications where their cost is offset by the functional value their flexibility adds to the end user product.

A most interesting aspect of the 2816 is that it can be reprogrammed over a telephone line from a remote mainframe computer. An early application could, therefore, be in point of sale where shop terminals holding product prices in the E-squared PROM could be updated overnight from headquarters. Similar uses will be found in process control systems.

A little further into the future, these memories will almost certainly be used in later forms of robot in manufacturing, since they will allow paper and magnetic tape to be dropped in favour of a program store that can be changed at will from the controlling computer.

Less power needed to drive the fan

COOLING a 600-brake-horsepower internal combustion engine—the kind of unit found in a heavy haulage vehicle or in a main battle tank, for example—requires careful design technology if the result is not to be a horrendously noisy monster with no sense of petrol economy.

Mixed flow

The military solved the problem by using a cooling fan which combined the properties of an axial fan—the kind commonly found on private cars which moves large volumes of air across the radiator—and a centrifugal impeller which generates high air pressures at right angles to the fan axis.

The result, in the product developed by Airscrew Howden of Weybridge, Surrey, was the mixed flow fan. Implemented in cast aluminium, the Airscrew fans shift 1.5 tons of air a minute in cooling units such as the engines of the new Challenger main battle tank.

Now Airscrew has developed a commercial version of the fan; it expects it to find a ready market in heavy off-highway equipment and specialist road-going vehicles.

For these uses, Airscrew has fabricated the fan in sheet aluminium and steel, lighter and less costly than the aluminium military variety.

Mr. Maurice Beal, managing director of Airscrew, says the chief benefits of the new fan lie in fuel economy and in noise reduction.

Conventional cooling systems in heavy vehicles can use up to 20 per cent of the available engine power—Airscrew claims that its new fan can cut this figure by half. It also claims that the fan runs so quietly that it cannot be heard above other vehicle noises.

The technology used is not new, but Mr. Beal explains that the fan represents a refinement of Airscrew's existing mixed flow fans. He also emphasises the importance of designing a total system for engine cooling.

"Unless you design for the total system, taking into account all the operational requirements, you might as well simply stick a lump of tin on the front."

Trials under way

In a mixed flow fan design, the leading sections of the fan blades resemble those of an axial fan and accept a high volume of air. The trailing sections of the blades bend backwards in a manner similar to those of a backward swept centrifugal fan. This increases the pressure of the discharged air which leaves the fan at an angle of 45°, and in a swirling conical path. It may then be ducted in any direction.

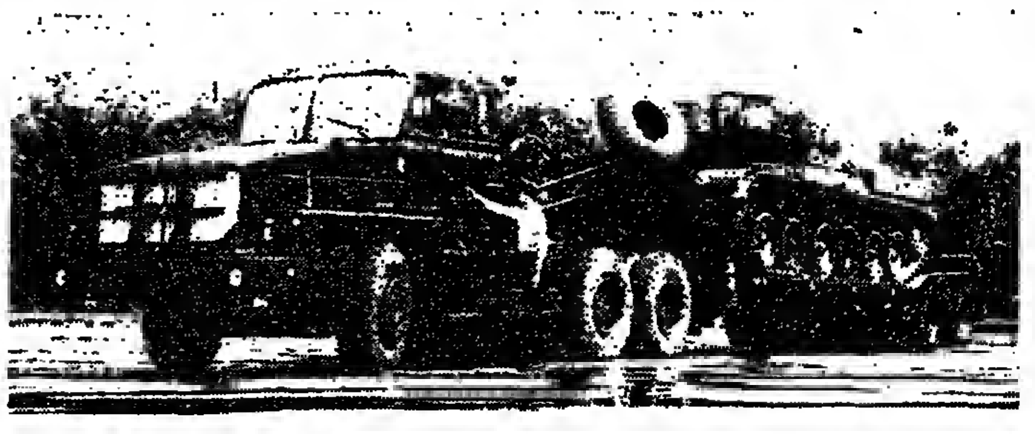
Airscrew is already a major supplier of cooling fans to the UK military (the company used to supply propellors for the Spitfire in the Second War) and the U.S. is showing interest in the new system.

The first commercial fans are undergoing trials on the 625 brake horse power Scammell "Commander" military tank transporter.

A smaller unit for use on engines rated between 150 and 300 bhp is in the pipeline and a delivery van sized unit is under consideration. But private motorists should not hope for an Airscrew system. Their engines simply do not pack enough brake horse power to warrant it.

Airscrew is on 0932 45511.

BY ALAN CANE



Airscrew engineers put the finishing touches to the new fans now under test in the Scammell "Commander" tank transporter.

NEWS IN BRIEF

CONFERENCE

PRESSURE OF space in inner cities is leading to demolition of more and more structures, says the Cement and Concrete Association which is holding a two-day meeting on concrete demolition, developments in explosion techniques, demolition machinery innovations, re-cycling concrete rubble and specialist cutting and breaking methods.

There is also provision for an exhibition of relevant machinery at the meeting on January 15-16, 1981. More from C & CA (01 235 6661).

METALWORKING

WEST HYDE Developments has added two new products to its comprehensive range of cutting tools. Both are hand reamers with integral tommy-bars, one designed for increasing hole size from 3.2 mm to 12.7 mm and the other with a range from 9.7 mm to 25.4 mm.

Details from the company, Unit 9, Park Street, Industrial Estate, Aylesbury, Bucks HP20 1 ET (0296 20441).

INSULATION

A NEW technical report on "The impact resistance of external thermal insulation systems" describes a programme of tests undertaken to provide data on the properties of external insulation required to give sufficient protection in different exposure conditions.

It is available at £1.25 from the publication sales unit of the Cement and Concrete Association, Wrexham Springs, Slough.

BLAST CLEANING

AIRLESS ABRASIVE blast cleaning machines from Gulf Corporation in the U.S. has complemented the range of equipment offered by Beverley Shotblast Engineering, Billingshurst, Sussex.

Designed and built with emphasis on space saving, the machines should prove beneficial to foundries relying on low output air blast cabinets, or to those subcontracting their blasting, says the company.

An agreement between the two companies covers the sale and manufacture of Golf equipment in the UK and Europe, although it is intended at first to import units from the U.S.

LOMBARD

A letter from Santa Claus

BY M. H. FISHER

DEAR Mrs. Thatcher,

I really am in a most embarrassing position. One of my former colleagues who decided that since we have been commercialised anyway he would go the whole hog—he has become technical adviser to the producer of the television serialisation of Star Wars—rather cynically advised me to let matters rest, but I feel I cannot do that.

Last year you wrote to me asking me to do my best to ensure that Government spending and the Public Sector Borrowing Requirement would be contained, that sterling would be strong enough to help with your counter-inflationary policies but not so strong as to damage basically sound sectors of British industry, and that Mr. Anthony Wedgwood Benn, Mr. Eric Heffer or Mr. Michael Foot would become leader of the Labour Party.

Inexplicable

Only your last wish has been fully granted and I feel that I cannot claim entire credit even for that. (The Labour Party produces the most inexplicable phenomena without the aid of celestial intervention.) Your faith in me must obviously have been shaken, though I trust, for reasons that will become apparent if you read on, not totally destroyed.

I really do want to help and I felt the best thing to do would be to send you a list of wishes of my own which you might want to discuss with Professor Walters as soon as he takes up his challenging task. Since this letter, if you think it has any merit at all, may be circulated in Whitehall I thought it best to number the succeeding paragraphs (Civil Servants will find it easier to deal with).

1—Could you find a man really experienced in the ways of the Civil Service to work from No. 10 charged with cutting numbers? His decisions would be final except for a right of appeal to you personally. I remember that Sir Leo Pliatzky succeeded in applying cash limits when everybody said they could not work. You need someone like him, or perhaps Sir Leo himself would do it?

2—Could you persuade the Bank of England to issue only index-linked gilts where the maturity is over three years? The initial coupon could then, of course, be very low. My ex-colleague points out that if inflation comes under control there will be large savings on interest payments. If, at some time or other, inflation were to get out of hand, the Government would have to print masses of money anyway. A bit more for debt service would not matter that much.

3—Could someone in the Treasury work out the net cost of allowing, for say a year or two, men who have reached the age of 62 to retire early on the full state pension? It could possibly be of some help with youth unemployment without imposing too great a burden on the PSBR. At least it would be worth doing the sums.

4—Would it be worth putting a fairly steep withholding tax on foreign purchasers of gilts and Treasury bills? I put this in the form of a question because one of the money-changers driven out of the temple who finally qualified as one of our harpists this year tells me that the effect would at best be temporary. But it might be worth a go.

Hairshirts

5—Finally, could you do something to dispel the idea that the Government's policies are inspired by the belief that wearing hairshirts is good for you? I know that you do not believe this, that you really do care about the innocent victims of policies designed to repair the damage caused in the years that the locusts ate. But many people do see you as a stern headmistress rather than the shepherdess trying to lead our flock to greener pastures. People are much more willing to suffer if they believe that there will be a tangible reward in the end. If they understand that the suffering is really unavoidable and that those in charge feel compassion. As I say, I know you are aware of this, but could you, please, tell everyone in the country that, over and over again.

Once again, my apologies for having slipped up in 1980 and with all good wishes for 1981.

Yours ever,
Santa Claus.

The best way to get a message across

FILM AND VIDEO

BY JOHN CHITTOCK

COMMUNICATION has become a rather overworked word in modern business affairs. Experienced managers and trades unionists know that bad communication is often the cause of so much unnecessary industrial trouble; but they also know, perhaps unconsciously, that communication has become such a fashionable debating point that preoccupation with it can lead to a self-defeating kind of myopia.

The audio-visual media have captured the imagination of industry because they seem so readily to offer solutions to communications problems. Which is true, except that the media are only carriers, and problems in communication usually have more to do with the message than the medium.

It goes deeper than the simple omission of facts (such as the Encyclopedia of Photography in which it was spotted—happily at proof stage — that the major article on "Developing" failed to mention that it should be done in the dark). It also matters, of course, how the facts are regarded. Audio-visual media can present information in a cogent and credible form, even sugar-coated; but can go over the top, too, so that the chairman's video message to the troops merely emphasises the chasm between management and workers instead of closing it.

A reasonably well-made film, video or tape-slide programme, will, indeed, isolate and highlight issues where before they may have been only vaguely understood. And if the issues are unpalatable ones, shrouded in suspicion, problems may be thrown into sharper relief. But if this is merely part of the cure, however unpleasant, it is better to face it — as no doubt has been done in the BSC chairman's recent video message to steel workers (which I have yet to see).

A lucid and interesting attempt to find out more about current thinking on communication in British industry has been the subject of a recent survey. Hay Communications in London has circulated a questionnaire specifically aimed at discovering more about facts and attitudes relating to corporate communication.

Statisticians might complain about the small sample, 109 questionnaires from 77 companies (nonetheless a 41 per cent response since only 187 client companies were circulated). But some of the results make fascinating reading.

For example, ratings are given on the relative importance that companies attribute to various media when used for conveying particular messages. Therefore the employee newspaper or journal gets a high rating for carrying information on company performance and financial news.

Surprisingly, audi-visual media get a low rating—in the very subject area where current activity is most pronounced in the a-v business. But the picture changes when opinions about future use (in 1984) are measured. Video and other audio-visual media then occur as being of some importance for communicating information on company performance, but strangely not for presenting future plans or news on economic conditions. It is training and marketing which emerge as the more favourite subjects for future audio-visual productions.

In its own conclusions, Hay Communications observes that annual reports, company newspapers and briefing groups are the vehicles with high ratings in the future—and video and audio-visual programmes remain in general as poorly regarded (along with letters to employees and advertising).

Their general assessment relates, however, to the whole area of corporate communications. It is worth noting that, for some specific subjects, video and a-v appear in the survey to make a successful bid for future attention.

If this proves anything, it may be that fashion has more to do with the success of a medium than a scientific awareness of its strengths and weaknesses. A future importance attached (in the survey) to video programmes on company performance probably reflects that more such material is being seen at present—it was an obvious use for video when the medium arrived — so awareness of this application is high. Yet video is equally effective in tackling other themes such as future company plans and explaining economic conditions or pay benefits—all subjects in which video still receives a low "future" rating.

Hay Communications infers in its own summary that managers are still too inexperienced or insensitive in their grasp of the communications media — which is clearly why such spotty results show up in the responses.

The audio-visual business itself has been rather lacking in getting the message across to managements, and facts about the success of using video, film and other media in industry remain in short supply. It is therefore heartening to see that one company, Eric Parsloe Industrial Communications, has published a booklet of 10 case histories in most of which video played a key part in solving employee problems.

One impressive story taken from its pages concerned an engineering company in the Midlands with a seven-week strike on its hands. This centred on protracted negotiations over the restructuring of a 20-year-old pay system (how many engineering companies could that be?). A videotape programme was made to explain the new proposals, which it was felt were being misunderstood. The programme was used at a series of workforce meetings in groups of 30-40 people, backed up by slides and other audio-visual aids.

The happy ending is, of course, that further industrial action was averted. No one can claim that a-v media solved any problems, but if the will is there supported by good intentions, they can make a dramatic difference.

It might seem from analyses such as these that the real value of video and related media is in clarifying for employees the issues which are important to them and the company, and in avoiding misunderstandings and ambiguities.

Yet there could be more important, subtle virtues in these exercises. The sheer disciplines involved in producing a film, video or tape-slide programme can concentrate the minds of managements wonderfully. What happens in consequence, is that they are obliged to sharpen up their own appreciation of the issues involved.

This may lead to revelations and a determination to put their house in order before showing anything to employees—so that a clear conscience and sincere commitment eventually may carry the day. Alternatively, it has been known to result in rather garish cosmetic operations, which in the end solve nothing.

Perhaps that was why, nearly 20 years ago, a film made on industrial relations finished up telling the story of a film company making a film about industrial relations—never able to get anyone to agree on the script, and finally concluding (in the film) that it was impossible to make the film. Its title: The Film that Never Was.

The art and technology of communication may be important, and both are certainly skills which industry lacks. But all that good communication can do in the end is to clarify the truth.

In the spirit of the message, I should add that the address of Eric Parsloe Industrial Communications is 49 Wellington Street, London, WC2E 7BN, and that Hay Communications is moving as from January to Stratton Street, London, W1X 6DB.

Applalto tipped in Irish Sweeps

RACING

BY DOMINIC WIGAN

AS MIGHT have been anticipated, the ante-post market on the principal Christmas races came to life on Saturday and it will not come as a surprise to learn that Connaught Ranger has been well supported for Saturday's Irish Sweeps Hurdle.

His trainer, Fred Rimell, won the initial running of the Leopardstown event in 1969 with Normandy and then proceeded to win it in successive years a short while later through the Champion hurdler, Comedy of Errors.

Although another English challenger for the race, Starfen, whose trainer Peter Easterby triumphed with Night Nurse, has been well supported, many shrewd judges on these shores are pinning their hopes on Applalto. Even a cursory study of this Roddy Armytage-trained gelding's credentials suggests they may well be on the mark.

Applalto, a compact brown gelding by Alto Volante, was six lengths ahead of Slasher at the end of Chepstow's 1979 Panama Cigar Hurdle final, and last term again produced a high-class performance in defying top weight against Rushmere in a sponsored handicap at Sandown.

Making his first appearance for nearly a year at Chepstow three weeks ago, the six-year-old caught many an eye when running well under 12 stone 7 lbs in the Corinth Handicap.

After losing many lengths through a late start on the Monmouthshire course, Applalto began to thread his way through the field from the halfway point. At the post, he was less than eight lengths adrift of the winner, Scottish Sound.

Although it is asking a lot of Applalto to expect him to pull off a Sweeps Hurdle triumph in the face of strong opposition from several older, more experienced opponents, he may well prove up to the task. The Tote, the only English firm publishing prices on the race, make Applalto an 8 to 1 chance from 10 to 1. Their other prices read 4 to 1 Daring Run (laid to lose £8,000 in one hand), 8 to 1 Starfen, 10 to 1 Connaught Ranger and Going Straight, 12 to 1 bar.

Intinio drew away from his opponents in the closing stages of yesterday's Stuffing Hurdle at Lingfield and is now generally quoted at around 16 to 1 for the Daily Express Triumph Hurdle. Firm favourite for the Cheltenham Championship for the juveniles is Broadsword, who won so impressively on Saturday.

TV/Radio

† indicates programmes in black and white

BBC 1

9.30 am Football Association Coaching. 9.55 King Rollo. 10.00 Red Hand Gang. 10.25 Why Don't You ? 10.50 Play Chess. †11.00 Lassie. 12.15 pm Battle of the Planets. 12.35 Porky Pig. 12.45 News. 1.00 Bagpuss. 1.15 California Fever. 2.00 Film: "A Challenge for Robin Hood." 3.35 Ballet: "The Gay Parisian" 3.53 Regional News. 3.55 Play School.

4.20 Yogi Bear. 4.25 Jackanory.

4.40 "The Bells of Astercote."

5.35 Paddington.

5.40 News.

5.55 Nationwide.

6.15 Christmas on Nationwide.

6.50 Angels.

7.15 Terry and June Christmas Show.

7.45 Film: "The Likely Lads."

8.30 The Dawson Watch.

9.00 News.

9.25 Play for Today.

10.55 Best of British.

11.35-11.40 Headlines, weather.

All Regions as BBC1 except as follows:— BBC Cymru Wales —4.45-5.00 pm Y Pibydd Brith. 5.00-5.40 Bilidowcars. 5.55-6.15 Wales Today. 6.50-7.10 Heddiw. 7.10-7.40 Pobol Y Cwm. 7.40-8.05 Angels. 8.05-8.30 Angels. 8.30-9.00 Terry and June. 11.35 News, Weather.

Scotland — 5.55-6.15 pm Reporting Scotland. 8.30-9.00 Beechgrove Garden Christmas Special. 10.55-11.25 A Taste of... Scotch and Wry. 11.25 News, weather.

Northern Ireland — 3.53-3.55 pm Northern Ireland News. 5.55-6.15 Scene Around Six. 10.55-11.33. Christmas Sounds. 11.35 News, weather.

England—5.55-6.15 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-West (Manchester); Midlands Today (Birmingham); Nationwide (London and South-East); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

11.00 am Play School.

11.25 Speak for Yourself.

3.55 pm Schools Prom.

4.45 Film: "The Desert Song"

6.35 Great Paintings.

6.45 News.

6.55 Scottish Ballet.

8.45 Country Holiday.

9.25 Ireland: A Television History.

10.20 Christmas with the Fivepenny Piece.

10.50 News.

10.55 Film: "Pete 'N' Tillie."

LONDON

9.30 am The Paper Lads. 9.53 Nature of Things. 10.45 Young Ramsay. †11.35 About Britain. 12.00 Jamie and the Magic Torch. 12.10 pm Pipkins. 12.30 Take the High Road. 1.00 News at One, FT Index. 1.20 Thames News. 1.30 Film: "Ivanhoe." 3.30 Look Who's Talking. 4.00 Get It Together. 4.45 Auditions.

5.45 News.

6.00 Thames News.

6.35 Crossroads.

7.00 World's Strongest Man.

8.00 Jim Davidson Show.

8.30 You're Only Young Twice.

9.00 Elvis—He Touched Their Lives.

10.00 News at Ten.

10.30 Film: "Farewell My Lovely."

12.20 am It's Christmas!

All IBA Regions as London except at the following times:

ANGLIA

1.20 pm Anglia News. 1.30 Starring Derek Jacobi. 2.30 "A Christmas Carol." 8.00 About Anglia. 12.20 am A Carol for Christmastide.

ATV

1.20 pm ATV News. 1.30 Film: "The World in His Arms." 8.00 ATV Today. ATV News. 6.05 Crossroads 6.30 ATV Today. 12.20 am ATV News. 12.25 Something Different.

BORDER

1.20 pm Border News. 1.30 Film: "The World in His Arms." 8.00 Lookaround Tuesday. 12.20 am Border News.

CHANNEL

1.20 pm Channel News. 7.30 Film: "Please Sir!" 6.00 Channel Report. 10.28 Channel News. 12.20 am Commentaires et Previsions Meteorologiques.

GRAMPIAN

1.20 pm North News 1.30 Film: "Please, Sir!" 6.00 North Tonight. 12.20 am Reflections. 12.25 North Headlines.

GRANADA

1.20 pm Granada Reports. 1.30 Film: "The World in His Arms" 3.30 University Challenge. 6.00 Granada Reports.

HTV

1.20 pm HTV News. 1.30 Chopper Squad 2.30 "A Christmas Carol." 6.00 Report West 10.28 HTV News. 12.20 am Weather.

HTV Cymru/Wales — As HTV West/HTV General Service except: 11.50 am Pili A Pili 12.05-12.10 pm Calimero. 3.30-4.00 Muppet Show. 4.00 Cartoons. 4.15-4.45 Ooctor Snuggles 6.00-6.22 Y Dydd. 6.22-6.35 Report Wales. 10.30-11.15 Nos Fawrth O Glwyd. 11.15 Satan's School for Girls. 12.45 am Weather.

SCOTTISH

1.20 pm News 1.30 Gambit. 2.00 "A Christmas Carol" 3.00 Auditions 4.45 The Tiny Tree. 5.15 Tales of Crime. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Job Spot. 6.30 What's Your Problem. 10.30 Encore for the Arts. 11.15 Tales of the Unexpected. 11.45 Late Call. 11.50 Musical Special.

SOUTHERN

1.20 pm Southern News. 1.30 Houseparty. 1.55 Farmhouse Kitchen. 2.25 Cartoon. 2.30 "A Christmas Carol." 6.00 Day by Day. 12.20 am Weather Forecast. Father Christmas.

TYNE TEES

1.20 pm North-East News and Lookaround. 1.30 Film: "Please, Sir!" 6.00 North-East News. 6.02 Crossroads. 6.25 Northern Life. 10.30 North-East News. 12.15 am The Christmas Gift.

ULSTER

10.00 am The Bubblies 10.05 Survival. 10.30 The Undersea Adventures of Captain Nemo. 10.35 Joy to the World. Music for Christmas from Lincoln Cathedral. 11.35 About Britain. 12.00 pm Jamie and the Magic Torch. 1.20 pm Lunchtime. 1.30 Santa and the Three Bears. 2.30 A Christmas Carol. 3.58 Ulster News. 6.00 Good Evening Ulster. 10.29 Ulster Weather. 12.20 am Bedtime/Religion.

WESTWARD

9.25 am Dinah Saur. 9.40 The Lost Islands. †10.05 Feature Film: "Here Come the Huggetts." 11.30 Survival. 12.30 pm The Riordans. 1.20 Westward News Headlines. 5.12 Gus Honeybun's Birthdays. 5.15 Mork and Mindy. 6.00 Westward Diary. 7.00 Mark II. 10.31 Westward Late News. 12.20 am Faith For Life. 12.25 West Country Weather.

YORKSHIRE

1.20 pm Calendar News 1.30 Film: "Please, Sir!" 6.00 Calendar.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf

Capital Radio: 1548kHz, 194m & 95.8vhf

London Broadcasting: 1151kHz, 261m & 97.3vhf

(S) Stereophonic broadcast
† Medium Wave

RADIO 1

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.32 Simon Bates. Golden Hour. 10.32 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.32 Simon Bates, Golden Hour 3.32 Peter Powell. 5.30 Newsbeat. 6.31 Talkabout. 7.31 Mike Read. 10.02 John Peel (S).

RADIO 2

5.00 am News. 6.03 Ray Moore (S). 6.15 Pause for Thought. 7.32 Terry Wogan (S) 8.27 Racing Bulletin. 9.45 Pause for Thought. 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S) 1.45 Sports Desk. 2.03 Ed Stewart's Request Show (S). 2.45, 3.46 Sports Desk. 4.03 Much More Music (S). 4.45, 5.45 Sports Desk. 6.03 John Dunn (S). 6.45 Sports Desk. 9.02 Hooray for Hollywood. 9.02 Pleasure of Your Company (S). 10.02 Variety Club Manchester. 11.02 Brian Matthew, Round Midnight. 11.51 Newsroom. Weather. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S) concert. 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer (S) Dvorak. 9.55 Music for Organ (S) recital. 10.40 Bliss and Rootham (S) concert. 11.50 Andras Schiff (S) piano recital. 1.00 pm News. 1.05 Six Continents. 1.25 Andras Schiff (S). 2.20 50 Years of the BBC Symphony Orchestra (S) concert. 3.20 Virginal Recital (S). 3.50 Victorian Songs (S) recital. 4.25 Jazz Today (S). 4.55 News. 5.00 Vienna Philharmonic Orchestra (S) concert. 5.50 Round Tower Tales. 5.55 Concert (S) 6.45 The Quick and the Dead. 7.15 Der Corregidor (S) opera. 8.45 Short Story. 9.00 Der Corregidor (S). 10.00 Cherkassky (S) piano recital. 11.00 News. 11.05-11.15 In Dulci Jubilo (S).

RADIO 4

6.00 am News 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 6.45 Prayer for the Day. 7.00, 8.00 Today's News 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.45 "Trust to Talk." 9.00 News. 9.05 Tuesday Call. Christmas Special. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 Thirty-Minute Theatre (S) "Christmas Fooling." 11.35 Wildlife. 11.59 News. 12.02 pm You and Yours. 12.20 Down Your Way. 12.55 Weather. 1.00 World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Women's Hour. 3.00 News 3.02 Middlemarch (S). 4.00 Barry Norman in Hong Kong. 4.45 Short Story. 5.00 PM: News. 5.50 Shipping Forecast 5.55 Weather 6.00 News. 6.30 Top of the Form. 7.00 News. 7.05 The Archers 7.20 Medicine Now. 7.50 A Touch of Genius. 8.20 Real Evidence. 9.05 In Touch 9.30 Kaleidoscope. 9.59 Weather. 10.00 World Tonight 10.30 How to Survive an Office Party with Willie Rushton (S). 11.00 A Book at Bedtime. 11.15 Financial World Tonight. 11.30 English Chamber Orchestra. 11.59 News. Weather. 12.15-12.23 am Shipping, inshore waters forecast.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.15 Holiday Scene. 10.03 Robbie Vincent Telephone Programme. 11.30 Children's News Quiz Final. 1.03 pm London Live. 4.30 London News Desk. 5.35 Music on the Move. 7.03 Black Londoners. 8.00-5.00 am Join Radio 2.

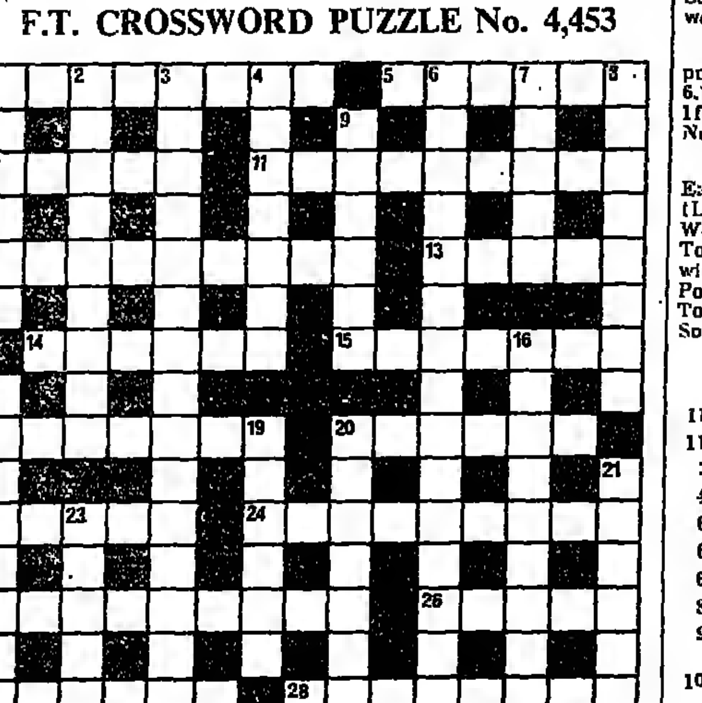
London Broadcasting

6.00 am AM—Bob Holness & Douglas Cameron. 10.00 Brian Hayes: Harry Shepherd, President of the Oxford Street Association and Controller of publicity for Marks and Spencer, talks about Oxford Street. 12.00 pm Max Miller—LBC Reports. 9.00 After Eight —Theresa Birch. 9.00 Mike Dickin—Nightline 12.00 am LBC Reports Midnight. 1.00 Night Extra—Tara Jefferios. 4.00 After Eight Special. 5.00 Morning Music.

Capital Radio

6 am Mike Smith's Breakfast Show. 9.00 Michael Aspel with Supersavers. 9.45 Where Are You Now? 12 pm Graham Dene 1.00 First Report. 1.10 Graham Dene (continued). 3.00 Roger Scott 7.00 Jano Walmsley's Special Report. 9.00 Nicky Horne. 11.00 Tony Myatt's Late Show.

F.T. CROSSWORD PUZZLE No. 4,453



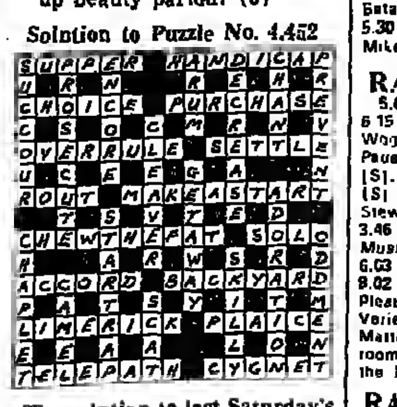
ACROSS

1 Opera recommended to waiters (8)
5 Returning like this flag to deity (6)
10 Amount of wine set soldiers alight (5)
11 Suitable outfit for those rocketed to fame (5,4)
12 Result of one of races you soundly gobbled up (9)
13 Stuff about minister (5)
14 Silk made by South African child (6)
15 Can thwart production of wrapping material (7)
18 Managed sovereign category (7)
20 Firm pulse about money abroad (6)
22 Easy-going copper retiring (5)
24 Whisky poacher given something to eat (6,3)
25 Influence one swell to succeed (4,2,3)
26 Heather gets nothing out of Beethoven's Third (5)
27 Brown broke leg in mix-up (6)
28 Sleeper on track of trial cup game (5-3)

DOWN

1 Pilgrim has trickster in hand (6)
2 Where 10 per cent production levy was in store (5,4)
3 In current account (11,4)
4 Fall for scoundrel in court action (7)
6 First-class brushwork could be a big bit (8,7)
7 One bullet that caused a revolution (5)
8 Pose by cathedral with artistic family (8)
9 Obvious head not heartless (6)
16 Catalogue item is inclined (2,3,4)
17 To split drug is foolish (8)
19 Fuel swindle involving Frenchman (6)
20 Small pair volunteer to hold out (7)
21 Gate an extraordinary relative (6)
23 Unless a Londoner covers up beauty parlour (5)

Solution to Puzzle No. 4,452



The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. S 836 3161. CC 240 5258. ENGLISH NATIONAL OPERA. Tonight 7.30: The Barber of Seville. Tomor 7.30: The Merry Widow. Sat 6.30: Boris Godunov. 108 balcony seats avail from 10 am on Day of perf.

COVENT GARDEN. 240 1066. S. (Gardencharge CC 836 6903). 65 Amphi seats avail for all perfs from 10 am on the day of perf. THE ROYAL OPERA Ton't & Fri at 7.30 Les Contes d'Hoffmann. THE ROYAL BALLET Sat at 7.30 Cinderella.

ROYAL FESTIVAL HALL. 01-928 3191. LONDON FESTIVAL BALLET. From Friday to Jan 12. A Holiday Treat for all the Family. Ronald Hynd's THE NUTCRACKER. Daily 3.00 & 7.30 until Jan. 3.

SADLER'S WELLS THEATRE EC1. Tel. 01-837 1672-3856-7505. Until Feb 21 D'OYLY CARTE presents GILBERT & SULLIVAN OPERAS Tonight 7.30 Fri & Sat 2.30 & 7.30 The Sorcerer. Tkts £2.00 to £7.50.

THEATRES

ADELPHI CC 01-836 7611. Eves. at 7.30 Sat. 4.00, 7.45. Mats. Thurs. at 3.00. TONY BRITTON, CAROLINE VILLIERS, PETER BAYLISS and ANNA NEAGLE in MY FAIR LADY. Group bookings ring 01-836 7358 or 01-379 6061.

ALBERY. 836 3878. CC bkgs. 379 6565. Grp. bkgs. 836 3962 or 379 6061. Eves. 8.00. Thurs. Mat. 4.30 Sat. 5.00 & 8.15 No perfs. 24, 25 Dec. Sian Phillips Denis Lawson. Half Moon Production Rodgers & Hart's PAL JOEY.

ALDWYCH. S. 836 6404. CC 379 6233 (10-8, Sats 10-4). Info 836 5332. ROYAL SHAKESPEARE COMPANY. NICHOLAS NICKLEBY by Charles Dickens Ton't Part 2 7.00 sold out. Personal and telephone booking now open for premiere of PASSION PLAY by Peter Nichols. Nikolai Erdman's THE SUICIDE and O'Casey's JUNO AND THE PAYCOCK. For RSC Prestel key 22023. Group Sales Box Office 379 6061. RSC also at The Warehouse-Piccadilly.

AMBASSADORS. S. CC. 836 1171. Eves. 8. Tue. Mat. 3. Sat. 5.30 & 8.30. No Perfs. Dec 25 Jan 1. J. B. PRIESTLEY'S DANGEROUS CORNER. A Mystery Play. FIRST WEST END PRODUCTION SINCE 1930.

APOLLO. S. CC. 01-437 2663. Grp. sales 379 6061. Eves 8.00. Wed. & Sat. 5.00 & 8.00. No perfs 24-25 Dec. ROONEY BEWES FRANCIS MATTHEWS in MIDDLE AGE SPREAD. Comedy of the Year West End Theatre Awards 1979.

APOLLO VICTORIA. Tel. 01-828 6491. 834 2019. Opens Fri Sat 2.00. 5.00. 8.00. Subs. Mon. to Fri 2.30 & 7.30. Sats. Jan. 3 & 10. 4.30 & 7.30. LITTLE & LARGE CHRISTMAS CRACKER. Special Guest Star SHEENA EASTON. Tickets £2.50 £3.50. £4.50. Credit Cards Accepted.

ARTS THEATRE. S. 01-836 3334-2132. Mon.-Thurs Eves. 8.00. Fri. and Sat. 6.30 and 9.00. JOE ORTON'S LOOT. Directed by KENNETH WILLIAMS.

CAMBRIDGE THEATRE. S. 01-836 6056. Credit cards hotline 01-638 7080. 01-240 5079. JOAN COLLINS. SIMON WILLIAMS JAMES VILLIERS. ELSPETH ALDRIDGE in THE LAST OF MRS. CHEYNEY. Directed by NIGEL PATRICK. Evs. Mon.-Fri. at 8.0. Wed. 3.0. Sat. 5.0 & 8.30. No perf. Xmas Eve or Xmas Day. Dec. 26 at 3.0 & 8.0. Anti-inflation policy—seats at £1.50. £2.50. £4.00 in stalls and royal circle. Students. Nurses. OAPs £1.50. Group sales 379 6061 and 838 8056.

CHICHESTER. Festival Theatre. 0243 781312. Until Jan. 17. CIRCUS OZ. The Perfect Xmas entertainment.

COLLEGIATE THEATRE. 01-387 9629. THE MAGIC CIRCLE SHOW. International Acts in Great Family Show. BOOK NOW! One Week only Dec. 29-Jan. 3. Mat. & Evg. Perfs. Every Day.

COMEDY THEATRE. S. CC. 01-930 2578. Limited season. Mon.-Sat. 8.15. Mats. Thur. 3.00. Sat. 5.00 (No mat. Jan 1). RALPH RICHARDSON in the National Theatre Production EARLY DAYS by David Storey.

CRITERION. S. 930 3216 CC 379 6565 Grp. bkgs. 379 6061 or 836 3962. Eves 8 Fri. & Sat. 6 & 8.45. ROBIN RAY. JONATHAN ADAMS. MARTIN CONNOR. TRICIA GEORGE in A LIGHTHEARTED REVUE TOMFOOLERY. The words, music & lyrics of TOM LEHRER.

DUCHESS TH. CC. 01-836 8243. Group sales 379 6061. Evs. 8.0. Thurs & Sat. 5.0 & 8.00. No perfs 24, 25 Dec. 1 Jan. extra mat 2 Jan. 5 pm MARIA AITKEN. MICHAEL JAYSTON in Noel Coward's PRIVATE LIVES. Ton't Jan Servais & Giles Cole in leading roles. LAST 3 WEEKS!

DUKE OF YORK'S. S. CC. 836 5122. Evenings 8.0. Saturdays 5.0 and 8.30. FRANCES de la TOUR DAVID de KEYSER in TOM KEMPINSKI'S DUET FOR ONE. Credit cards only 01-379 6565 or 01-836 9837.

FORTUNE. 01-836 2238. Evenings at 8.0. Sat. 5.0 & 8.0. EDWARD DUKE 1980 SWET award winner most promising newcomer JEEVES TAKES CHARGE by P. G. WODEHOUSE. Owing to popular demand season extended to Jan 10. No perfs. Dec. 24. 25 & 26. Dec. 23 at 3.0 (open Jan. 1).

GARRICK. S. CC. 01-836 4601. Eves. 8.0. Friday and Saturday 5.30 & 8.30 (Red. price Mats. Fri.) Grp. Bookings 01-379 6061. WILLIAM FRANKLYN in DEATHTRAP. No perfs. Dec. 24. 25. Dec. 26 at 8.30 only.

GLOBE. S. CC 01-437 1592. 01-439 0770 Evgs. 8.0. Sat. 5.0 & 8.45. Group Sales Box Office 01-379 6061. HINGE & BRACKETT AT THE GLOBE. FOR A LIMITED SEASON ONLY.

GREENWICH THEATRE. S CC 858 7755. Evgs. 8.0. Mat Sats 2.30. Extra Mat. Dec. 28 at 2.30. SHERIDAN'S THE RIVALS.

HAYMARKET. Theatre Royal. 01-930 9832. Evgs. 7.45. Wed. 2.30 (ex. 24 Dec.). Sat. 4.30 and 8.00 LEONARD ROSSITER. PRUNELLA SCALES in MICHAEL FRAYN'S MAKE AND BREAK Directed by MICHAEL BLAKEMORE

HER MAJESTY'S. 930 6606. S. CC. Evgs. 8. Sat. 5 & 8.15. Wed. Sats. 3. Group Sales 01-379 6061. No Mat. Dec. 24 extra Mat. Dec. 23 & 26. THE STREETS OF LONDON by Dion Boucicault.

JEANNETTA COCHRANE TH. Theobalds Rd., WC1 Daily 2. 6 pr. A musical fairy tale for all the family. Adults £3. Child £2. 30 Dec.-3 Jan. CINDERELLA. Maureen Davies. Tickets from Royal Opera House in advance or from Jeannetta Cochrane from noon on day of perf.

KING'S HEAD. 226 1916. Ton't Dnr 6.45. Show 9.45 SHADOW PLAY by Noel Coward & A MAN OF FEELING by Stephen Oliver.

LYRIC. S. CC. 01-437 3686. Evenings 8.00. Wed. 3.00 (ex 24 Dec). Sat 5.30 and 8.30. DINSDALE LANDEN NICOLA PAGETT in ALAN AYCKBOURN'S TAKING STEPS.

MAYFAIR. 01-629 3037. Until Jan. 10. Daily 10.30, 2.00 & 4.00 pm SOOTY'S XMAS SHOW. — — — BOOK NOW! MAYFAIR THEATRE. 629 3036. For a season BERYL REID READING in Pack Up All Your Cares & Woe. Eves. Mon.-Sat. at 8.30. Book Now. Closed Xmas Day.

NATIONAL THEATRE. S. 928 2252. Building closed 24 Dec until 5 pm 26 Dec. OLIVIER (open stage) Ton't Fri 7.00 THE LIFE OF GALILEO by Bertolt Brecht trans by Howard Brenton. LYTTELTON (proscenium stage) Ton't Fri 7.45 THE BROWNING VERSION. HARLEQUINADE double-bill by Rattigan COTTESLOE (small auditorium) Ton't Fri 7.15 THE NATIVITY all tkts standing £3.50, students £1.40. Excellent cheap tkts from 10 am day of perf all 3 theatres Car park Restaurant 928 2033 Credit card bkgs 928 5933.

OLD VIC 928 7616 CC 261 1821 'S' Ton't at 7.30. Fri Sat & Mon at 6.00 TRELAWNY OF THE WELLS Sun at 7.30 GOOD CLEAN FUN.

OLD VIC. 928 7616 CC 261 1821 S Today & Tomor at 2.30 Fri. Sat & Mon at 1.30 & 4.30 TOAD OF TOAD HALL

PALACE. S. CC. 01-437 6834. RODGERS & HAMMERSTEIN'S OKLAHOMA! Evgs. 7.30. Mats. Wed. & Sat. 3.00. Group bookings 01-379 6061 Better selection of seats available Mon.-Thurs.

PALLADIUM. 01 437 7373. Tonight & Xmas Eve 7.30 only. From Dec 26 Mats 2.45 & Evgs. 7.30 JIM DAVIDSON. MOLLIE SUGDEN. WINDSOR DAVIES. MELVYN HAYES. CLIVE DUNN. LIONEL BLAIR in DICK WHITTINGTON. Book now Box Office and all agents. Credit cards accepted Group sales Box Office 379 6061.

PHOENIX. CC. S. 836 2294-5. Credit card bookings 836 8611 Eves 8.00. Mats. Thur. 3.00. Sats. 4.00. THE BIOGRAPH GIRL. A new musical saluting Hollywood's glorious era of silent pictures.

PICCADILLY. S 437 4506. CC bookings 379 6565. Mon. Thurs. 8. Fri. and Sat 6.0 and 8.40. Stalls from £2.90. ROYAL SHAKESPEARE COMPANY in Willy Russell's new comedy EDUCATING RITA. RSC also at Aldwych Warehouse.

PRINCE EDWARD. S. CC Box Office 437 6877. CC Hotline 439 8499 Grp. bkgs. 379 6061. Eves. 8.00 Mats. Thurs. (Economy price) and Sat. 3.00 (Closed Xmas Day). EVITA by Tim Rice and Andrew Lloyd Webber. Dir. by Harold Prince.

PRINCE OF WALES THEATRE. 930 8681. Credit card bookings 930 0846 PAUL DANIELS in IT'S MAGIC. Mon.-Thurs. 8.0. Fri & Sat. 6 & 8.45. EXTRA MATS AT 3 pm DEC 23, 29 30, 31 and JAN. 1.

QUEEN'S. CC. 01-734 1166 Evenings 8.0 Wed. 3.00. Sat. 4.30 and 8.00. Tom Courtenay. Freddie Jones THE DRESSER. The new play by Ronald Harwood. Directed by Michael Elliott. Last 4 weeks. Must end Jan 17. No perf. 28 Dec. extra Mat. Dec 31 at 3.00

RAYMOND REVUEBAR. CC. 01-734 1593 At 7.00. 9.00. 11.00 pm Opens Suns. PAUL RAYMOND presents THE FESTIVAL OF EROTICA. New Acts. New Girls. New Thrills 23rd sensational year. Fully air conditioned.

ROYAL COURT THEATRE UPSTAIRS. 730 2554. FOCO NOVO in PLEASE SHINE DOWN ON ME by Olwen Wymark. Last perf. Ton't 7.30.

ROYAL COURT. S. CC. 730 1745. World Premiere of NOT QUITE JERUSALEM by Paul Kember. Eves 8. Mon all seats £2. No perf. Dec. 26 & 28.

SAVOY THEATRE. 01-836 8888. JOHN ALDERTON, PAULINE COLLINS in Charles Dyer's comedy RATTLE OF A SIMPLE MAN Evgs. Mon.-Thurs at 8.00. Fri. and Sat. 5.45 and 8.45. No perf Xmas Eve or Xmas Day No 5.45 perf. on Boxing Day. Reduced Group bookings 839 3092 Credit card bookings 836 8117.

SHAFTESBURY. Shaftesbury Ave., WC2. CC Tel. Box Office 01-836 6596. 01-836 4255. TOM CONTI AND GEMMA CRAVEN. THEY'RE PLAYING OUR SONG. If possible book at least 28 days in advance by post. Send SAE and cheque. Prices: Stalls and Roy. Circle £8.00. £6.50 £5.00. Circle £3.50 (£1 seats at the Box Office). Mon.-Fri. 8.00. Mats. Wed. 3.00 Sats. 5.00 and 8.30. Dec. 20 8.30 perf. (sold out) also Dec 27 both perfs. (sold out). Group bookings only 01-839 3092. OAPs. Students £4.00 best seats Wed. Mats Credit card bookings only 01-839 4682 or 01-029 7810 (9.30-8.30. Sats. 9.30-4.30).

SHAW. 01-388 1394. Today at 2.30 & 7.30 LAST TWO DAYS. THE PRICE by ARTHUR MILLER. All seats £3.00. Students £1.50. Easy parking.

ST. MARTIN'S. CC. 836 1443. Eves. 8.0 Tues. 2.45. Sats & Exn Day 5.0 & 8.0 Agatha Christie's THE MOUSETRAP. World's longest-ever run. 29th YEAR.

STRAND. 01-836 2660 836 4143. Evenings 8.00 Mats. Thurs 3.00. Sat. 5.30 and 8.30. LONGEST-RUNNING COMEDY IN THE WORLD NO SEX PLEASE— WE'RE BRITISH. Directed by Allan Davis. Group Sales Box Office 379 6061. NO PERFS. DEC. 25 and JAN 1.

STRATFORD-UPON-AVON Royal Shakespeare Theatre (0789) 292271. Ansa. Cards (0789) 297129. In (0789) 69191 ROYAL SHAKESPEARE COMPANY in RICHARD III tonight 7.30. Theatre closed 24 & 25 Dec. AS YOU LIKE IT 26 Dec. 7.30. ROMEO AND JULIET 27 Dec. 2.00 HAMLET 27 Dec. 7.30.

TALK OF THE TOWN. 01-734 5051. Air cond. Credit cards. LONDON'S GREATEST NIGHT OUT. From 8 o'clock Dining and Dancing 9.30 SUPER REVUE BUBBLY. At 11 ROLF HARRIS DANCING UNTIL 1 AM.

VAUDEVILLE. S. CC. 01-836 9988. Twice daily 2.45 and 7.45. TIM RICE and ANDREW LLOYD WEBBER'S JOSEPH AND THE AMAZING TECHNICOLOR DREAMCOAT. FOR THE CHRISTMAS SEASON REDUCED PRICES FOR CHILDREN.

VICTORIA PALACE. CC. 01-828 4735-6. 01-834 1317. Evgs. 7.30. Wed and Sat 2.45 Group Bookings 01-379 6061 SPECIAL MATINEES DECEMBER 23, 26 and JANUARY 1 at 2.45. ANNIE.

WAREHOUSE. Donmar Theatre Earlham Street Covent Garden. Box Office 836 6808. ROYAL SHAKESPEARE COMPANY. No perf Tonight seats available Mon 29 Dec 7.30 Premiere TELEVISION TIMES by Peter Prince All seats £3.50. Students £2.00 in advance from Aldwych Box Office.

WEMBLEY ARENA CC 01-902 1234 A LAVISH NEW PRODUCTION HOLIDAY ON ICE with Robin Cousins Today Dec 26, 30 Jan 1 & 2 at 2.30 & 6.30. Dec 31 at 2.30 All Sats at 2, 5 & 8 All Suns at 2.30 & 7.20. £2.20 to £5.20. CHILDREN HALF PRICE Spacious car park. Season until Feb 22

WESTMINSTER. S. CC 01-834 0283. Fourth London Season daily at 3.0. Fri. Saturday 3.30 & 6.30 THE GINGERBREAD MAN. The FAMILY CHRISTMAS SPECIAL. No perfs Dec 24, 25.

WHITEHALL THEATRE. 01-930 7765. CC Paul Raymond presents FIONA RICHMOND and a Bedful of Beauties in WOT NO PYJAMAS. Eves. 8.30 Fri. Sat. 6.15 and 8.30 Over 200 perfs. Closed until Jan 5. Reopens Mon. Jan 5.

WIMBLEDON TH. The Broadway SW19. From Tomorrow. The Spectacular Panto CINDERELLA starring FRANKIE HOWERD. Bargain Prices £1.25 to £3.75 BOOK NOW on the Panto Hotline 01-946 5211

WINDMILL. CC. 01-437 6312. Twice nightly at 8.00 and 10.00. Suns 6.00 and 8.00 Paul Raymond presents RIP OFF! Hotter than ever for 1980. The erotic experience of the modern era. F[illegible] great year

WYNDHAM'S. S 01-836 3028. CC bkgs. 379 6565. Mon.-Fri 8 Sat. 5 and 8.40. Dario Fo's farce ACCIDENTAL DEATH OF AN ANARCHIST.

YOUNG VIC 928 6363 Tue 7.30 DRACULA "I can't think of a better Christmas treat" N.Std. Studio: 2.45 CINDERELLA. Bkg CMTCo's ROMAN INVASION OF RAMSBOTTOM: CAPTAIN STIRRICK. In rep Mon to 10 Jan.

CINEMAS

ABC 1 & 2 SHAFTESBURY AVE. 836 8861. Sep. perfs All seats bookable. 1: FLASH GORDON (A). Wk. & Sun 2.00. 5.15 8.15. 2: THE ELEPHANT MAN (AA). Wk. & Sun. 1.30. 4.45. 8.05.

CLASSIC ENTERTAINMENT Teledata 01-200 0200

CLASSIC 1, 2, 3. Haymarket (Piccadilly Circus Tube). 01-839 1527. All screens closed Xmas Day. 1: FLASH GORDON (A). Dolby Stereo Progs. 12.30. 3.00. 5.30. 8.00. 2: BREAKER MORANT (A). Progs. 8.35. 5.45 only 3: SNOW WHITE AND THE SEVEN DWARFS (U) Progs. 12.45 2.45 4.45. 6.45. 8.45

CLASSIC 1, 2, 3, 4, 5, Oxford St. (01-636 0310) opp Tottenham Ct. Rd. Tube Fully air conditioned. All screens closed Xmas Day. 1: STARDUST MEMORIES (AA). Progs. 1.00 3.00 5.00. 7.00. 9.00 2: LAST 2 DAYS. DRESSED TO KILL (X) Progs 1.20. 3.30 5.40. 8.00. 3: LAST 2 DAYS. John Schlesinger's YANKS (AA). Progs. 12.40. 3.00. 5.35. 8.10. 4: ANY WHICH WAY YOU CAN (AA) Progs 1.05. 3.25 5.50 8.20 5: AIRPLANE (A) Progs. 1.00. 3.00. 5.00. 7.00. 9.00.

CLASSIC. Leicester Square. 01-930 6915. Closed Xmas Day. LAST 2 DAYS. CRUISING (X). 1.45 (not Sun.). 5.20. 8.55. EVICTORS (X). 3.30 7.05.

CURZON. Curzon Street W1. 499 3737. Bertrand Tavernier's UNE SEMAINE DE VACANCES (AA). (English sub-titles). Progs. 2.00 (not Sun.) 4.05. 6.20. 8.40

ODEON HAYMARKET. 930 2738-2771 ROY SCHEIDER in a BOB FOSSE film ALL THAT JAZZ (X) Sep. Progs. 1.30. 4.40 8.00.

ODEON LEICESTER SQUARE. 930 6111. THE DOGS OF WAR (AA). Sep. Progs. Drs open Dly 1.30. 4.30. 7.45.

ODEON MARBLE ARCH W2. 723 2011-2. HAWK THE SLAYER (A). Sep. Progs. Drs open dly. 1.45 4.30. 7.30

PRINCE CHARLES. Leic. Sq. 437 8181 British Premier Exclusive Presentation CALIGULA (X). Sep Perfs. Dly. (inc. Sun.) 2.15. 5.30. 8.45. Late Show Sat. 11.55. Seats Bkble. Lic'd Bar. Closed Xmas Day.

STUDIO 3. Oxford Circus. 437 3300 Lic'd Bar THE DEER HUNTER (X) 12.45 4.05. 7.30 Late Show 10.50. Close Xmas Day.

THE ARTS

Serpentine Gallery

A Joke is a Joke

by WILLIAM PACKER

The titles visited upon works of art run the whole gamut of usefulness from the all but essential to the barely relevant, from "When did you last see your Father?" to "Untitled Number IV"; and for the most part no one would quarrel with the particular note struck upon that scale. Circumstances explain, and in explaining justify, whether it is the clue direct, the clue oblique or the mere label simple that we are given: and if there is a joke as well, a good joke is surely better than no joke at all.

Sometimes, however, the relation may shift just a shade too far, the hand stray a little too far up the keyboard; and when the work finds itself hanging on the label rather than the label on it, the trouble starts.

When we find ourselves reading an exhibition as we would a book of cartoons, caption first and Oh Yea, I see, Ha Ha, it is not altogether unreasonable to pull "illustrational" out of our little bag of epithets. For what we are confronting, even positively enjoying, is not so much the artist's manifest vision as his wit, and it hardly matters that the objects to which he attaches his conceits are conscientiously and beautifully realised, and but for the weight of specific association would be happily possessed of inherent, if somewhat more ambiguous interest and presence.

The exhibition of sculpture by the American artist H. C. Westermann, now at the Serpentine Gallery (until February 8), is lively, intriguing and above all else diverting, the work rich in authentic sculptural ideas and preoccupations, all scrupulously carried through.

But it would seem that the artist distrusts his vocation and so sends it up, disarming criticism and defending his seriousness behind a dense smokescreen of facetiousness, visual puns, black humour and good old-fashioned surrealism. And he has us all ways: take him as seriously as his work, and reputation, should merit, and where is our sense of honour?; laugh at the jokes and we have missed the point. The point he misses is that defensive humour is first tedious, and ultimately self-defeating.

He makes a beautiful box with a pitched roof, as it were a nesting box or small kennel, but with no way into it at all; and its very impenetrability invests it with a truly if gently disturbing frisson of speculation, as we consider what might be its interior. All imaginative curiosity, however, is gratuitously cut short and thus limited by the title "Snake House," sharp though it is. Jack Horner has cooked what is in many respects a delicious and surprising pie, but he should leave us to taste it, and keep his plums to himself.

Westermann is essentially a figurative artist, and he shares the gallery with another, in this case an Englishman, Sam Smith. And again we see an honourable craftsman, whose real sculptural sensibility underpins all his work, laying down an equally effective defensive cover. His toy-like wooden sculptures are highly decorative, packed with invention and in small doses delightfully entertaining.

Smith enjoys a particularly refined understanding of moving parts and physical articulation, which he deploys to great effect. And yet he too seems determined not to be taken as seriously as more serious work might deserve. There is nothing wrong with the material, which draws upon popular nostalgia for the seaside, the fairground and the circus, bank holidays and festivals: but he must lavish upon it a garishly grotesque emphasis, and a desperate heartiness. Hammered home with endless, obsessively detailed repetition, such stuff induces not a memorable pleasure but a numb oblivion. Smith has many real, obvious and peculiar virtues, but he would seem to be a sculptor afraid to be an artist.

Detail of Adam and Eve by Sam Smith

Round House

Canterbury Tales

by CHRIS DUNKLEY

The New Vic's *Canterbury Tales*, revived for Christmas and now presented highly successfully in the round at the Round House, is in some ways remarkably faithful to the original.

For a start it is presented, as was Chaucer's work, in the form of a story-telling contest. True, we only get five tales instead of 23, and director Peter Bogdanov and his co-adaptor Phil Woods, have included The Knight's Tale, which is a little odd, since it is—as Micky O'Donoughue's outrageous Miller remarks in one of his many ribald interjections between stories—"very boring."

Yet it is the only part of the evening that could be so described. From the moment when you walk through the door to be greeted personally by Anthony Milner as a soppy vicar, it is clear that the audience is to be closely involved in the proceedings: holding the Clerks' "horse" (John Labanowski, who also plays The Knight), before he disappears rebelliously up the gangway muttering "clip, bloody clop" may be the least of your problems. Any female near the front will be lucky to survive the evening free of contact with the lascivious Miller, yet audience reaction to his attentions proves a triumph of enthusiasm over embarrassment.

The broadly bawdy flavour of the evening is also authentically Chaucerian, and although young children presumably won't understand, from about 11 upwards they are only too delighted to recognise how *dirty* the grown ups can be, as when Alison in The Miller's Tale "putte hir hole" out of the window and Absalon "kiste hir naked ers." Interestingly in this explicit age, Leslie Mackie (who delivers a sweetly sung version The Cook's Tale, as well as playing Alison) is not required to strip but uses a balloon to receive the notorious kiss.

Jane Paton is delightfully voluptuous as both The Wife of Bath and, especially, the Reeve's Wife. Bogdanov puts all five in one bed for The Reeve's Tale, using the effectively simple device of an upright blanket to allow the extremely energetic acting to continue in the vertical plane. The three laundry hampers winched into the air for "arks" in The Miller's Tale, are even more ingenious.

But the evening undoubtedly belongs to O'Donoughue who not only plays the Miller but brings the house down between tales with his "Mediaeval Top Ten Mucky Jokes." The extraordinary thing is that despite their muckiness and Chaucer's renowned lewdness the evening seems poignantly innocent, and even endearing, in 1980.

Theatre Royal, Bristol

The Bristol Twins

by B. A. YOUNG

The Bristol Twins has been adapted by David Phethean from Goldoni's *The Venetian Twins*, and depends almost completely on the presence of identical twins, unknown to each other, who are both about to get married in the same town.

Anyone who has laughed at the *Comedy of Errors*, should laugh at it, and so on a different level, should local people when they hear "I can't call you Mr. Hall, what's your first name?" "Colston." Some of the accents are as far removed from standard English as Goldoni's Venetian is from standard Italian.

The twins are Sam Tubb, from Cheddar, a simple country lad, and Tony Tubb, from Bath (one of the Bath Tubbs, to quote a characteristic joke), who is prosperous and elegant. Both are played by Chris Harris, likeable and funny, and refreshingly clear of camp. Sam is betrothed to Rosa, usually Rosal in the Bristol idiom; she is believed to be the daughter of an alderman, but was actually found under a magnolial, or perhaps an azaleal, after an assault by gypsies. Rosa is also sought by Eli Malapert, clearly a Welsh cousin of Tartuffe. Tony's girl is Beatrice, on his social level; she too has other suitors, Francis, Tony's best friend, and *Lelio*, the Italian consul in Bath, a flamboyant Feydeauesque figure. Take it from there.

John David's direction gives us pure pantomime throughout; none the worse for that, though I felt it a little unambitious in the production numbers. There are only nine songs, *none of* them particularly memorable either in music or lyrics (both by Gary Yershon), but quite good enough to serve their purpose, and heartily sung with only a trace of amplification. The three piece hand of piano, drums and bassoon plays from upstage in a rustic cart. All the action takes place in what must be 18th century Bristol, for the inn on the prompt side is clearly named the Llandower Trow. John McMurray is the designer.

Joanne Pearce plays Rosa and Amanda Redman plays Beatrice, both somewhat in the manner of the D'Oyly Carte, and there are jolly performances by David Glover, June Barrie, James Snell, Tim Brown and others. Ian Price, the Welsh minister Eli, has an unusual function in a pantomime; he is a murderer, and murders Sam with poisonous metal polish in full view of the audience. This is perhaps the only way in which Goldoni could get rid of one of his twins before the finale, but as Chris Harris appears to have no difficulty in being in two places at once, always entering the side opposite that from which he made his exit—a few seconds before you believe it possible, Mr. Phethean might have found a less gruesome solution.

Tooting Bec Common

The Police

by ANTONY THORNCROFT

I suppose the Police must be regarded as the most successful rock group of the year and it was generous of them to support a charity concert in a tent on the edge of Tooting Bec Common, in the wilder reaches of London. As usual these occasions are more appealing in their oddness than in any pleasure to be derived from the music.

The main problem was that, without the help of a giant's shoulders, it was impossible to see at the back. You could pogo but that soon tires and I felt sorry for the families who had brought children for a Christmas treat only to stand forlornly on the edges of the crowd looking hopefully upward. Of course if you had arrived around six hours before the band arrived on stage you could have been at the front, fainting.

After a succession of support acts (why do they put old comedians like Tommy Cooper to the lions on occasions like this? Neither the artist nor the audience comes out of the scrap with any credit), the Police finally appeared, seemingly oblivious to the deprivations suffered by their fans. They played their standard set with an extraordinary amount of enthusiasm considering how routine it must be to them. Songs from the new album, like "Man in a suitcase" and "Don't stand so close to me," were interspersed with "Walking on the moon" and "Message in a bottle," now gathering whiskers but still with an edge over the later material.

The Police are at their best as a white reggae group and the recent songs seem to show up the weaknesses of a trio, with the leader and singer, Sting, playing the bass. They were stretched out excessively, with an abundance of yodelling, and although the sound system was good, given the improvisation of the setting, it emphasised the limitations in the music. It is unfortunate that the best received songs, like "Roxanne," should be among their very earliest. By the end the thousands had forgotten their discomfiture, and were in ecstasy but the Police have yet to escape from the same old beat.

Darlington Revival

by GILLIAN DARLEY

The history of Darlington town centre over the last decade or so represents in microcosm a process which has, fortunately, become increasingly common.

The dead hand of the "clean sweep" approach, which has left many country towns (as well as larger cities) with their centres bored clean away had, by the early 1970s, provoked reaction.

With the increasing use of public participation (a tool much abused by cynical authorities but not without its successes) it became apparent that people were in retreat from recent developments. Sickened by the experience of shopping in simulated wind tunnels, parking in eight-storey Alcatraz blocks and retreating before nightfall — since such town centres are uninhabited and provide little entertainment beyond chopping up seats in the "precinct"—many people, with planners and architects among their number, wanted better for their own towns.

Between 1969 and 1971 Shepherd Construction produced 32 schemes for Darlington city centre. Their brief was for comprehensive redevelopment, with commercial considerations requiring the clearance of virtually the entire town centre. Only the Clock Tower would remain and, after a refusal of listed building consent, one 18th-century house. At the last moment, a change in the political composition of the council reprieved the town.

Following that, a new set of proposals was drawn up by the then borough architect, marginally less drastic but presuming the demolition of a number of listed buildings and the loss of the covered market which, with the Town Hall, formed a complex designed in 1864 by Alfred Waterhouse (of National History Museum note).

Following the public inquiry, the then minister refused listed building consent on a number of properties. Thus the Borough Council had to address itself to a new prospect, that of developing the centre, but largely within its own "skin."

This meant that attention could be given to the use of the spaces, as much as to the buildings themselves. Since Darlington is on a gradually sloping site, changes of levels and vistas are as important an aspect of its character as its built landmarks. The Open Market Square, the Horsemarket, and the alleys, "lanes" and small courts between and behind the buildings —what might be termed the grain of the place—could be used to best advantage. Under the earlier plans all this texture would have disappeared.

Once the approach was decided upon, and these decisions were influenced by a strong lobby of concerned townspeople, an unusual way was adopted to demonstrate to council members the wisdom of the plan. Instead of the customary set of expensively produced (and often vacuous) feasibility studies the members were given a slide presentation. The special quality of their town centre was pointed out, precedents from elsewhere were illustrated and the planners and architects threw themselves into the curious task of "selling" the town to its officials. The suggested changes were to be carried out in phases, but the approach emphasised the view that the centre was a whole, long since linked by fabric and function, and not merely a large chunk of real estate.

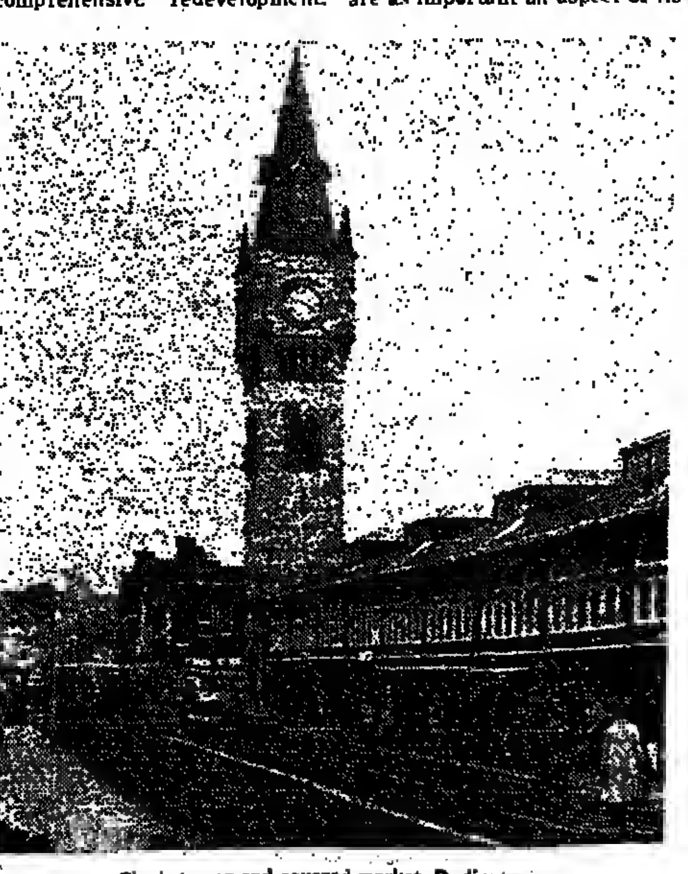
The Civic Trust Award given this year to Darlington Borough Council was for the rehabilitation of the Old Town Hall, covered market and Clocktower.

Alongside this stands the first phase of the scheme — carried out with the aid of consultants Douglass Wise and Partners — the Horsemarket, in which restoration and some new building have been combined to give a new lease of life to a group of shops housed in listed buildings. Now work is in progress on a sizeable complex, centred on new swimming pools and sports facilities together with commercial space. The Central Hall, a lofty Quaker meeting house (Darlington's fortunes were largely founded on Quaker acumen) will be retained to provide a sports hall. The Dolphin Centre is a partnership between the local authority and private finance, with Sports Council grant aid.

Thus Darlington (its rather daunting modern Town Hall notwithstanding) today presents a town centre in which all the threads are drawn together. The covered market is flourishing; it has wholesalers and cold storage at ground level while the stalls on the floor above have been realigned to allow for easier passage for the vast numbers of people it attracts. (A survey on the market before the improvement works showed that 20,000 people were using it daily.) The glazed canopies around it have been reinstated and the interior ironwork picked out in dark and light blue. There is good top-lighting and the meat counters are grouped together served by a lift to the cold-store below. It is now hard to imagine the pressures that almost demolished it.

During restoration the traders were given temporary stalls in the open market and on their return rents were increased over five fold but the improvement in layout, storage and overall environment seems to have proved ample compensation. Plenty of licence has been allowed in design of stalls and counters — a welcome change from the "tasteful" homogeneity sometimes found in such schemes.

In some towns, a market like this and a bustling, varied town centre is merely a nostalgic memory, but this is no exercise in nostalgia but a reality which encompasses both past and present.



Clock tower and covered market, Darlington

International honour for Jazz Centre Society chief

Charles Alexander, the director of the Jazz Centre Society, was elected President of the International Jazz Federation at its recent general assembly in Warsaw.

Mr. Alexander, aged 33, was appointed the first full-time director of the JCS in 1973, and in this capacity attended his first IJF meeting in 1975 in Nancy, France. At this he was elected to the IJF board. He became a vice-president in 1979.

Fuller details from IJF, c/o 35 Great Russell Street, London, WC1.

Barbara Cartland wax model at Tussaud's

A wax model of Barbara Cartland has been added to Madame Tussaud's collection in The Conservatory. The likeness is by Madame Tussaud's sculptor Muriel Pearson from a sitting with Miss Cartland at her Hertfordshire home in March this year. The model is wearing a pink Norman Hartnell evening dress and a pair of shoes from Miss Cartland's own wardrobe.

Royal Ballet

Cinderella

by CLEMENT CRISP

Cinderella is an important work for the Royal Ballet—its first home-grown, full-evening classic, with Ashton assuming the mantle of Petipa just as Prokofiev had donned that of Tchaikovsky in devising the richly melodious, waltz-laden score. Returned to the repertory on Saturday, as a Christmas treat, the ballet looked very well. The company dances strongly—the corps de ballet of stars so precise and gifted that each member merits a listing in the programme—while in Jennifer Penney we have a Cinderella entirely lovely. The balance of the piece has altered since its creation just 32 years ago. Then, and for decades after, the antics of Ashton and Helpmann as the Ugly Sisters tended to cast a lurid glare over the action, making the other roles seem pale. Things have altered—more of this anon—and Jennifer Penney's enchanting heroine is the true heart of the ballet. There is tenderness, a delicious humour as she plays with the broom, and dancing of lustrous ease in her interpretation.

Beautifully "placed," with pure line, a naturally fluent style, Penney *pours* out the variations in light, gently brilliant coloratura dancing. There is no straining after big effects; instead, an unassuming mastery of the choreography that bespeaks the best qualities of the Royal manner to its musicality and lyric freshness. It is a girl's dancing rather than a woman's, but how attractive, and how right for so innocently sentimental a tale.

Wayne Eagling was the Prince, dashing in everything except aerial turns; the Season Fairies' variations — each a jewel — were sparklingly done by Rosalyn Whitten, Vergie Derman, Wendy Ellis (outstanding even in this company by her vertiginous bravura as Autumn) and Pippa Wylde; Monica Mason gave the Fairy Godmother's solo that aptness which makes music and dance seem one. Derek Rencher and Michael Coleman were the Ugly Sisters. I feel that the time has come to rethink the way in which these roles are played. For 30 years, Helpmann and Ashton embroided and decked out their performances until they had become teetering pinnacles of the grotesque. But these were portraits sprung from long-developed mayhem on the characters by masters of comic playing. The present pair indulge in knockabout antics that are dull-edged copies of the originals. Costuming, jokes, make-up are too frenzied and predictable. The roles should be re-dressed, rethought—Coleman's optimistic mouse of a sister has much promise—and played with a good deal more wit and less slapping. Comic invention, not imitation, is needed.

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Tuesday December 23 1980

An anniversary enlightenment

THIS MONTH the Organisation for Economic Co-operation and Development has achieved its twentieth anniversary, and has naturally enjoyed the ritual congratulations of member governments. It is to be hoped, though, that members do not think that a warm letter will discharge their obligations. The OECD has chosen to celebrate its anniversary with an analysis of the economic outlook which, although it is far from festive, is of first-class importance, especially from this source.

Quick way

In a nutshell, the forecasters now see a reduction of interest rates internationally as a first priority if the prospects for recovery are to be improved; and they propose that *tighter* fiscal policies in countries where inflation is a continuing preoccupation might be the quickest means to make this possible.

In the past the OECD secretariat in Paris has gained a reputation as a bastion of old-fashioned neo-Keynesism, so that although this message may not sound very novel in the UK, where the Government is struggling to create conditions for lower interest rates, it is a remarkable one from such a source. It is also a problematic area of policy; the trade-offs between fiscal restraint and interest rates are partly a matter of guesswork, and the secretariat modestly urges "investigation" of this path.

Inversion

Nevertheless, the message is welcome and important. The OECD places it, as is proper, in the context of making policies more compatible internationally. It points out that, while some individual countries may have achieved apparently encouraging results from a policy of high interest rates and a consequently strong exchange rate, this cannot be a general solution to the inflation problem. It is impossible for all exchange rates to rise against all others. On the contrary, this is simply an inversion of the old form of international beggar-my-neighbour. Countries may seek to export unemployment through depreciation or to export inflation through appreciation; in either case the total international result is simply disruptive.

However, there is a wider case for a general attempt to lower interest rates through relying more heavily on fiscal restraint. As the OECD points out, it would reduce the costs of financing investment, and thus, incidentally, increase the chances of finding a constructive outlet for OECD financial surpluses. Equally important, perhaps, it would reduce the alarming *increase in the real debt burden* now being loaded onto some of the fastest growing developing countries. A continuation of the recent real cost of debt service would before long raise the possibility of insolvencies and a major international banking crisis.

On the other side of the balance sheet, current levels of real interest rates also *imply* a rapid compound growth in the real value of OPEC surpluses accumulated in the last eight years.

Hope

If the OECD's advice is followed—especially by the incoming U.S. Administration—there is a real possibility that its forecasts for the area, and for the UK in particular, will prove too gloomy. The OECD's new approach does not seem to have been adopted by the whole of the secretariat; the individual country surveys make little mention of interest rates and their impact on investment, stocks, and the supply side of the economy generally.

An exclusive emphasis on "real" numbers for demand, output and employment suggests that too little weight has been given to the *implications* of the rate of inflation itself. In the past OECD forecasts have erred on the optimistic side when inflation was accelerating, by taking too little account of the damage done by inflation itself. Now inflation is generally abating, and there should be corresponding benefits. If these could be combined with interest rate disarmament, this chilly survey could well conceal a message of hope.

East Germanys' export drive

EAST GERMANY is harnessing its population to a drive into export markets in the face of its increasing indebtedness to the West. The authorities in East Berlin are relying upon the docility of what is Comecon's most skilled labour force, and above all on West Germany's readiness to uphold existing close trading links in spite of political tensions.

The East German budget, tabled this month, foresees an increase of foreign trade during 1981 of 16 per cent as against economic growth of 5 per cent. Disposable incomes are to grow by 4 per cent, investments will remain roughly stable.

A first success has been achieved: in 1980 East Germany managed a small surplus in its trade with West Germany, helped by the expansion of the West Germany economy. That advantage will be lost in *1981* when West Germony will come close to zero growth.

Firm bonds

That is one reason why the East Germans are likely to make their main effort during 1981 in capitalist countries other than West Germany. Besides, they wish to limit their dependence upon West Germany to about 10 per cent of their total external trade. The present level is about 8 per cent.

Trade between East and West Germany is a highly political matter. Bonn clings to it as one of the firm bonds remaining between the two parts of *divided Germany*. That is why West Germany reacted so strongly against any suggestion that reprisals might be taken against East-West German trade, should relations between NATO and the Warsaw Pact deteriorate because of Poland or for any other reason.

East-West German trade is conducted on a clearing basis, with each side allowed to fall up to DM 850m (about £185m) behind with its deliveries. The East has used this facility to draw an interest-free loan (financed by the Bundesbank) of the full DM 850m, which is rolled over from year to year.

That arrangement, dating to 1975, runs out at the end of 1981. Unless it is renewed, the automatic credit or swing may revert to a maximum of DM 200m and annual settlements may be re-introduced. For *East Germany* that would be a hard blow. Estimates exist that, in 1979, one-third of its earnings from exports to hard currency countries was needed to pay interest on its hard currency borrowing, and that the proportion has risen since.

Dilemma

Bonn may find itself in a severe dilemma. Internal political pressures to maintain the present trade regime will be strong; but unless the Polish crisis fades, external pressures will be equally strong in the opposite direction.

A similar dilemma has been reflected in East Berlin's recent conduct. On the one hand it has increased the minimum amount of hard currency which German visitors from the West must spend in East Germany. That was intended to reduce the flow of visitors at a moment of political tension (though eventually it may increase East Berlin's take in hard currency from this profitable source). On the other hand, signals have been openly sent to Bonn that the East German authorities did not want relations to deteriorate.

Political considerations apart, East Germany cannot afford lightly to reduce the commercial and financial benefits of its special trading relation with West Germany. Export targets are going to be very hard to hit, even though there are great reserves of productivity in the East German economy. Some of them have been mobilised already by a reorganisation of industry, including a reform giving the so-called industrial combines the right to conduct foreign business under their own management rather than under the tutelage of the Ministry of Foreign Trade.

Labour force

The East German authorities' best asset is a highly skilled and disciplined labour force. Training of apprentices and skilled workers could serve as a model not only within Comecon. The authorities' main problem is energy: Soviet oil is rising in price, and deliveries of coal from Poland must have been disrupted.

A crash programme has begun to replace oil with native soft coal as a source of chemical feedstocks and liquid fuels at huge cost. In conjunction with the lack of growth of investments foreseen in the budget for 1981, that means that the growth forecasts must be taken with a pinch of salt. Shortages in the shops are going to become worse.

THE U.S. HOSTAGES

Iran spurns 'the Great Satan'

By Terry Povey in Tehran

IRAN'S leaders yesterday waited for the formal negative reply from the American Government to *its* $24bn demand, made known on Sunday, for the release of the 52 U.S. hostages.

Among many diplomats and Iranian officials the feeling in Tehran yesterday was one of unremitting pessimism. As long as negotiations, albeit via Algerian intermediaries, were continuing, hope of a settlement existed. Now these hopes appear to have been dashed.

The initial reaction among many Iranians in the streets of Tehran was joy at the thought that such a $24bn windfall might come their country's way. But the feeling did not last and one of the afternoon newspapers soberly urged its readers "not to be afraid of threats, of bombings . . ." and spoke of American plans to seize three disputed islands in the Gulf and of a joint U.S., UK and Iraq plan to invade the country.

In the official media there was no talk of victory, only of a grim willingness to go on.

Only time will tell if the *Iranian* Government *has* misjudged its people's mood. There can be no doubt, however, of the growth of discontent over the last two months. This new mood has nothing to do with the hostage question as such. It is just that the increasingly unpopular fundamentalist Government has made them the totem-pole for their cause.

Settlement of this issue might have restored the hope that problems of war, unemployment, inflation, and much else, which now confront the Islamic Republic might eventually be resolved.

Unlike the first few weeks of the war with Iraq, when a spirit of unity of national purpose developed *strongly*, the effective stalemate at the battlefront has turned attention away from the war and back to the problems of daily life. It has also left the politicians free to return to their bitter political battles, as they have done with a new ferocity. The nature of the charges being made daily by both camps against the other are qualitatively different from the past. The *uncompromising* position of the Iranian Government on the hostages has to be seen in this context.

The progress that was made on the hostages followed the more or less complete victory of the fundamentalists over President Abolhassan Bani-Sadr in the selection of the Prime Minister and the Cabinet. It was the Government of *Mr. Mohammed Ali Rajai*, and the Parliament which backed him, which allowed the indirect negotiations with the U.S. to begin in early November.

The position of the fundamentalists was, however, openly challenged by President Bani-Sadr in a major speech in late November. He accused his opponents of allowing torture in the prisons and of running a regime similar to the late Shah's one-party state. From that point onwards, the Government of Mr. Rajai was under *increasing attack from* those it calls the "liberals."

This renewed burst of domestic political infighting made any compromise or *appearance* of compromise with the "Great Satan" impossible for the Government. So, despite signals in early December that the latest U.S. proposals were being seen as positive in Tehran, the outcome has been a return to the stalemate of the past 13 months.

Despite the generally pessimistic mood, the leaders of the radical camp *remain* confident. One of *them*, Hojatoleslam Hashemi Rafsanjani, the Speaker of the Parliament, *said* yesterday: "If the U.S. is not ready to give us our rights, then in the last resort we will put the hostages on trial." Mr. Rafsanjani also made it clear that this latest statement was the final position of the Iranian Government. "We will not retreat," he stated.

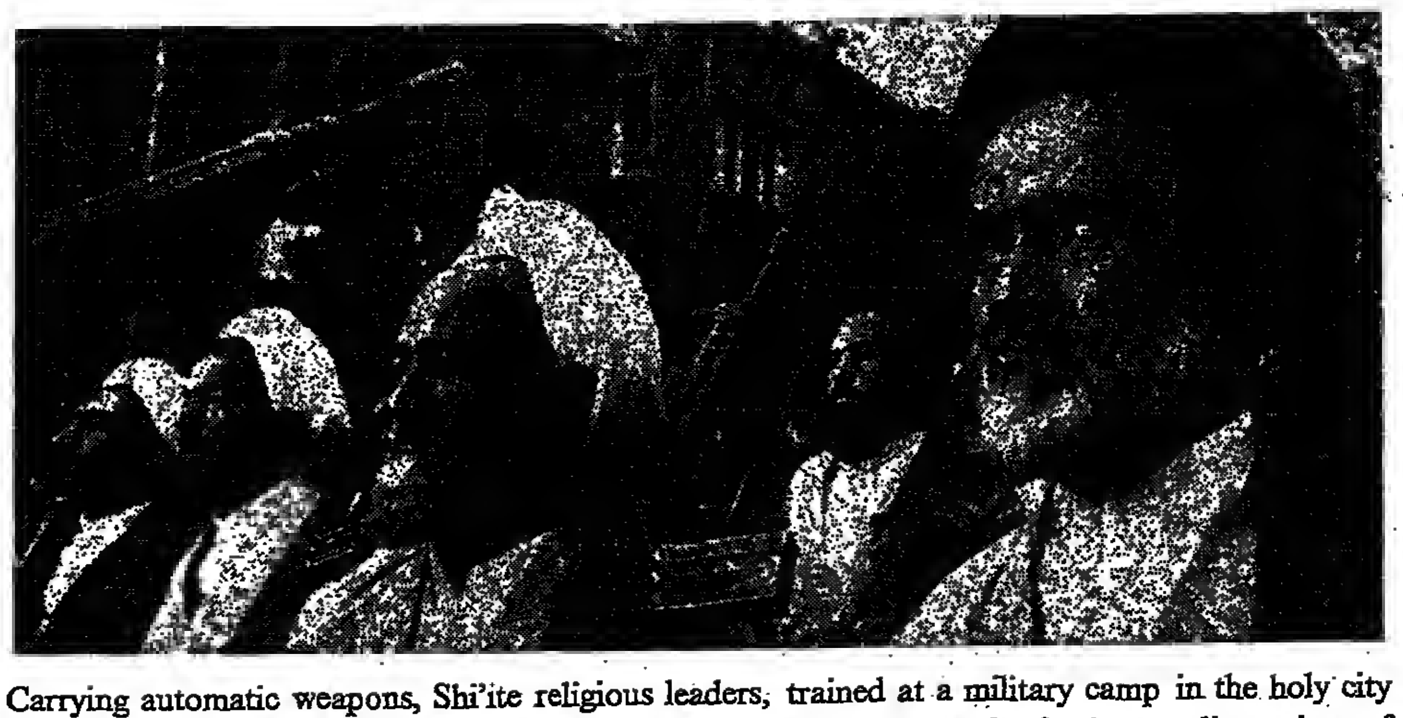
One Western diplomat whose country has tried very hard, in his words, "to stay friendly with the new regime" saw the new situation as follows: "Noth ing short of the downfall of th current Government of Premie Rajai will make any differenc to the position of the hostage: After this $24bn ranson demand, my Government wil have no choice but to accede t such a view, after having fough it all the way along the line i the past."

Those of Iran's leaders mo directly involved in the hostag negotiations still seem unawar of the possible consequences c their latest actions. One c them, Mr. Behzad Nabavi, th Government Minister respoi sible for the hostage negoti: tions, still seemed to think tha a quick settlement was possibl Asked if this meant any furthe discussions or bargaining wit the U.S., Mr. Nabavi said: "W do not need to do any bargai ing. Whatever we have sai would be accepted by any cou in the world. We will never di cuss anything directly with th U.S."

Yet it was Iran's negotiatio who appear to have had fundamental misunderstandin of the U.S. offe to restore things to the stat quo as it was before th hostages were taken. Ira apparently took this to mea that when its frozen fund were "unfrozen" this mea they would be free and avai *able for it to use.*

However, as Mr. Edmun Muskie, the Secretary of Stat has since made clear, this wa not the U.S. proposal. The U.S expected that Iran would hav to sort out all the leg *wrangles* of the attached monie by itself once the hostages ha been freed. Only the u attached funds would have bee immediately available.

Once it was realised that th release of the hostages woul result in the return to Iran onl of a minor part of its asset then the present Governme was faced with a decision eithe to accept political defeat insid the country or to turn its bac on a negotiated settlement.



Carrying automatic weapons, Shi'ite religious leaders, trained at a military camp in the holy city of Qom, march past the house of Ayatollah Khomeini. But now the fundamentalist regime of Mr. Mohammed Ali Rajai, the Prime Minister, is under increasing attack from "liberals" and appears to be increasingly unpopular. This new mood has nothing to do with the question of the American hostages as such, but their return might have raised hopes that other problems could be dealt with.

Now it may be Reagan's problem

By Jurek Martin, U.S. Editor, in Washington

BARRING Christmas miracles, the probability now is that Ronald Reagan will inherit the problem of the American hostages in Iran, lock, stock and barrel, when he becomes President next month. The once real hopes of the outgoing Carter Administration that *months of patient* and tortuous negotiations through intermediaries might bear fruit have again been brutally dashed by the latest, and perhaps "*final*" list of Iranian financial conditions.

The depression in Washington is quite palpable. Mr. Edmund Muskie, the Secretary of State, tried to put the best face on things on Sunday by refusing to close the door on continuing exchanges. But he was forced to describe Iran's position as "unreasonable." His colleague at the Defence Department, Dr. Harold Brown, was more abrupt, speaking scathingly on an unacceptable "ransom."

Mr. Muskie acknowledged that the most frustrating element in the whole process was the extent to which Iran was neither willing nor able to comprehend that the powers of the U.S. President are circumscribed. He conceded that the public language of certain Iranian officials might be dictated by their domestic political needs, but hoped that the growing perception in Tehran that the retention of the hostages no longer served any useful purpose would work in favour of an accommodation satisfactory to both sides.

The gap still seems hopelessly wide. For a start, the $24bn Iranian price tag is impossibly high. It is a sum more than three times as great as the annual U.S. foreign aid budget and is equivalent to about an 8 per cent cut in income taxes. It *works out as about $460m a hostage.* To transfer such an amount to a foreign authority, the Algerian Central Bank, with minimal guarantees that any of it would *ever* be returned, is more than any President, or any Congress, could possibly sanction.

Apart from the price, there are the principles involved. There appears no authority that would permit the President to transfer $10bn in American funds to Algeria to cover the late Shah's wealth, whatever it amounts to. Nor, legal experts contend, would American courts allow the President, in effect, to declare all lawsuits against the *frozen* Iranian assets null and void. Hard though it may be for revolutionary Iran to appreciate, it remains the case that "the great Satan" does not possess such powers.

What the U.S. can do, of course, is to free those Iranian funds not yet attached by court order and to establish a jointly agreed procedure for settling claims, for which there is ample precedent. Iran appears to have accepted, at least in principle, the latter, though it will be time-*consuming*. But what baffles the U.S. is Iran's raising, dropping and then resurrecting the whole issue of the Shah's wealth, itself a veritable legal minefield.

What all this comes to is that the answer to the problem remains to Iran.

What Mr. Reagan will do about the hostages is, frankly, anybody's guess. Since winning the election last month, he has remained the soul of diplomatic discretion.

The *suspicion persists*, of course, that Mr. Reagan would take a more aggressive, even bellicose, line with Iran. This is based as much as anything on *his earlier comments* shortly after the hostages were taken that the U.S. ought to have set Iran "a date certain" for their release, which, if not met, would have resulted in unspecified retribution, including exercise of the military option. But that was the metaphorical equivalent of light years ago, before last spring's abortive rescue mission, before Iran and Iraq went to war and before the Soviet Union put its clamps on Afghanistan.

Yet Iran could still provoke an American military response, by, for example, putting som of the hostages on trial as "spies."

Not that the military optio is now more attractive than was. Mr. Muskie himse doubted its efficacy over th weekend. It had been tried b fore and failed, he said.

He went on: "At this poi in our negotiations with Ira we are within reach, if the could but see it, of a solution to the problem which would eliminate any such (military) possibility, which would make possible the return of the hostages and would make possible the beginnings of a meaningful process of bringing Iran back into the community of nations in a dignified, responsible way. And they've got to do that, they've got to face it at some point." But the point, it seems, is yet some way off.

MEN AND MATTERS

A Rose-tinted spectacle

One of the joys of a City Christmas is the emergence of those companies which, for one reason or another, favour the festive *season* for *their* annual meetings. One such is Audiotronic, the benighted electronics group which sold its best-known asset, the Lasky shops, in 1979. Shareholders who picked their way through huddles of rosy-faced City folk yesterday lunchtime to the Great Eastern Hotel were regaled with memories of a gloomy year to March 1980, and precious little cheer for the current period.

Audiotronic was, until October, blessed with the attentions of Geoffrey Rose, whose distinguished career also includes spells in the chair at Change Wares (1979 loss £1.12m), and Crellon (now known as Mainline Electronic, 1979 loss £459,000). It is not for me to say whether the Audiotronic operation was successful, but certainly the patient does not appear to have emerged in the best of health. Preference share liabilities now outstrip shareholders' funds, while trading losses continue.

Audiotronic shares have, in their remarkable eight-year career, slumped from 193p to a current 2½p. And shareholders appear, to their credit, at least mildly concerned with the fate of their investment. Newly-appointed chairman Alexander Macpherson faced suggestions that the company should be sold, liquidated, or that preference shareholders should be allotted what little net worth remains, while ordinary holders go down with the ship.

Macpherson readily concedes that a buyer offering a fair price would get a fair hearing—though, it should be said, Audiotronic is hardly a jewel for anybody's crown. Otherwise, a return to the dividend list is pretty far away. Shareholders may stick around, if only for the limited downside risk, and because toppence ha'penny will buy precious little else these days. Apart, of course, from shares in Mainline Electronic, where Rose got out last year at 15p, and which are now up for grabs at 2p apiece.

"Now the Iranians want the money delivered by Carter dressed as Santa Claus."

Tuned in

Vietnam has left the American people with many legacies. But few can be odder than its aftermath for a 28-year-old veteran admitted to a Miami psychiatric ward. The man, suffering from depression and headaches, claimed he could also hear country music and radio commercials inside his head.

The sounds were, he said, muffled, but nonetheless he could distinguish between music, news and commercial breaks. Psychiatrist Stephen Liggett asked the man to compare the signals inside his head with stations on the hospital radio. The patient hunted through the waveband until he reach local station WOAM. "That's it," he cried.

Liggett used an earpiece so that only he could hear the hospital radio, and asked the man to distinguish between music and news. "He knew exactly when the station stopped playing one song and switched to another.

The explanation appears to lie in some 10 fragments of shrapnel embedded in the man's skull. According to Miami's biomedical specialists, fluids inside the skull could react with the shrapnel to produce an effective enough equivalent of the galena crystal used in the radios of fifty years ago.

Custom made

State socialism has not entirely extinguished the spirit of enterprise in Tanzania, if the experience of a recently returned British businessman is anything to go by.

On the *flight* out from London he took a bottle of whisky and a bottle of gin from the duty-free shop at Heathrow. But on the *return trip* from Dar-es-Salaam, the unopened bottles were confiscated for no apparent reason by customs officials.

The disgruntled traveller had scarcely settled into his seat on the plane when he saw another passenger boarding the flight, carrying the two bottles, whose labels had been distinctively marked.

He explained that he had just bought them *from* a Customs official for £5 sterling. He would have bought them with Tanzanian currency, he said—but another customs official had confiscated all he had left.

A glass darkly

More ingenuity seems to go into devising gifts to tickle the jaded fancy of the affluent these days than is put into any project that might conceivably just be useful.

The latest example comes, you may have guessed, from California where David H. Collins, president of Gusher Oil, has introduced a lavishly-packaged presentation set of the industry's products in three tightly-corked wine bottles.

"One of the fresh, whimsical, most talked-about gifts of the year," blurb the Collins company scribes about the bottles, neatly nabelled Persian Gulf Abu Dhabi Premium 1959, Chawar Valley Saudi Arabian Light 1973 OPEC, and Beaumont Ridge Texas Heavy Crude 1978 Domestic.

The gift pack of 10W/40 engine oil comes complete with greetings card for $25, and each bottle bears a health warning: "Do not ingest—for automotive use only."

Interesting

Mr. Paul Volcker, the towering chairman of the Federal Reserve Board, is not a man who has to strive to command attention. But he still likes to deliver this brief *warning* at the start of his speeches.

"I shall keep all my comments about interest rates till the very end," he tells his audience. "And I shall omit them altogether if anyone leaves the room."

Billposters

Just as well the Post Office has taken its own advice and posted its Christmas-cum-New Year greetings cards early. Late delivery might have put an embarrassing strain on goodwill—the cards are designed like 12p stamps and first-class postal rates will be increased to 14p on January 26.

But changes in stamp design, I hear, may also be on the cards in the United States Congressman Barry Goldwater Jr. is pressing for the sale of *advertising space* on *postage* stamps. Companies like Coca-Cola, Ford and McDonalds would be eager to pay 20 cents a stamp to put their names or logos on such mini-billboards, *says* Goldwater.

Short memory

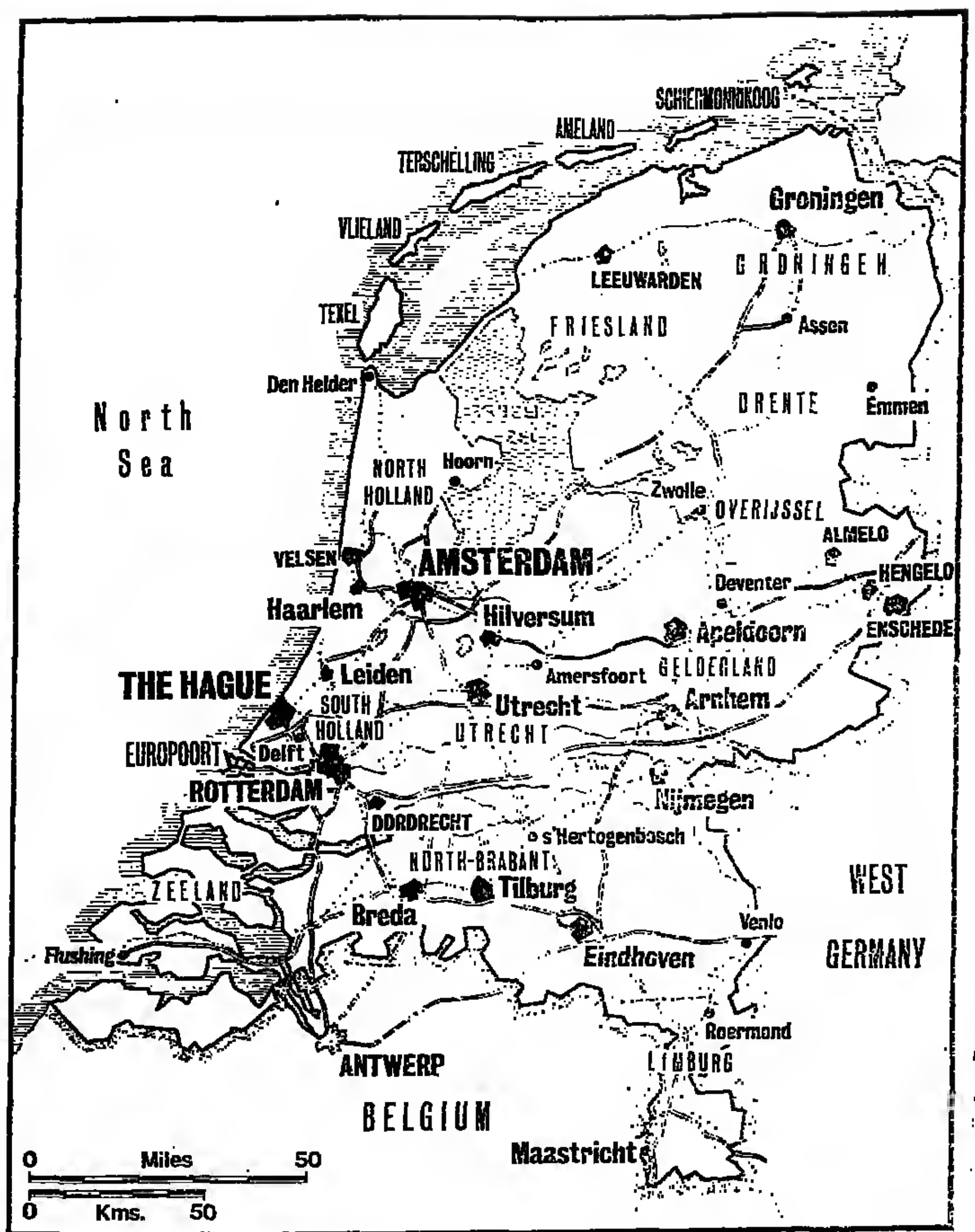
Overheard in a Camberwell pub: "Every year Fred says we're going to have a Christmas we'll never forget. But it always ends up being one he can't remember."

Observer

FINANCIAL TIMES SURVEY

The Netherlands

After years of prosperity, the Dutch now realise that the future will he harder and more complicated than they once thought. The world recession is hitting the Netherlands and there are growing doubts as to whether the country can continue to afford its de luxe welfare system. But the country's problems, though real, should not be exaggerated.



A new mood of realism

By Reginald Dale
European Editor

BRACED by the chill economic winds of the 1980s, the Dutch appear to be approaching their country's problems with a new sense of realism. Extravagant visions of a futuristic new society continually pushing forward the frontiers of Western civilisation have receded with the dawning recognition that the present has to be tackled first.

Not so very long ago the intellectually fashionable scenario for the Netherlands was one in which the country devoted its prosperity largely to enhancing the life-style of its fortunate inhabitants. A new generation of carefully chosen, technologically advanced industries would earn the wealth that allowed the greater part of the population to spend their lives as actors, piano teachers and social workers. Those remaining in industry would be working half-time, sharing their jobs, and retiring, perhaps, at 50.

The vision has not been abandoned by its (essentially Leftish) devotees. But it no longer looks quite as simple as it did, two or three years ago. This year, most people's real standard of living has been falling, and it will continue to do so in 1981.

Unemployment is at post-war record levels, and still rising, economic growth looks at best stagnant and there is an increasingly widespread feeling that the country's natural gas wealth has been frittered away. Many Dutchmen now doubt whether the country can continue to afford the de luxe, gas-fuelled welfare system—arguably the world's most comprehensive—which had its roots in a more prosperous past.

A clear sign of the times was a recent report on the country's industrial future by the Government think-tank (the Scientific Council for Government Advice). The brainchild of a Left-wing professor, the report accepted that private industry had been neglected in favour of the public sector and that something must be done urgently to restore the balance. Industrialists do not like all the report's proposals, which they feel smack of dirigisme, but it is widely acknowledged that it signals a major change in emphasis by the thinking Left.

For the first time, too, the Centre-Right Government of Mr. Dries van Agt is trying to earmark a specific amount of the gas revenue for improving the lot of private industry. Again, there are disagreements over how the money should be used, but it marks a step in a new direction.

Hitherto, gas revenues have simply been swallowed up in the Government's general coffers, plugging budgetary deficits and financing the welfare system.

Trade union leaders now increasingly openly acknowledge (though their members do not necessarily agree) that financial sacrifices must be made now if jobs are to be preserved in future.

The country's students, who were only recently packing the sociology courses, are now beginning to realise that that may not be the best way to get a job. There is a growing demand for business and technical training.

Public spending

But if all these are significant straws in the wind, there is no evidence that the country has yet undergone a conversion of Damascus Road proportions. Despite its three years in office, the Centre-Right Christian Democrat-Liberal coalition has had precious little success in its efforts to curb public spending.

In the last seven years, the share of "collective spending" (public expenditure plus social security payments) in national income has risen from just over 51 per cent to well over 60 per cent.

By this measure, a favourite one in The Hague, West Germany now stands where the Netherlands did in 1973. That is a fact which appals private industry, for which West Germany is both the main market and the main competitor.

The country's competitive position has begun to improve with productivity gains in the past three years, but the Netherlands still has the world's highest wage costs if social security payments are included.

However moderate the country's unions may be in British terms, they are still vigorously resisting the Government's plans to take the first small steps towards pruning the social security system. The Dutch trade unions see it as their duty to protect the unemployed or disabled underdog as much as their own working members.

But there is also a widening split between militants and moderates in the trade union ranks as some branches, such as metalworking, feel the draughts of recession, while others, like food processing, continue to thrive. Some people are afraid that the country's traditionally unified, German-style trade union movement may be in danger of breaking up.

If the Government has failed to achieve many of its economic objectives, and often looked indecisive, that is largely the fault of its own composition. With only 77 of the 150 seats in the Second Chamber (the equivalent to the British House of Commons) its wafer-thin majority is constantly threatened by dissent from within its own ranks.

The Christian Democrat Left-wing contains around 10 mainly Protestant dissidents who would much rather be allied with the opposition Labour Party than their current coalition partners, the Liberals, who are more like the British Conservatives.

If the rebels have not yet brought down the Government (and they almost did over Cruise missiles) they have still made life very difficult for it. The Christian Democrats have only just formally merged into one party—in a bid to stem the swing away from voting on religious lines—and they do not want to split up again, certainly not shortly before an election. But it means that Mr. van Agt will go to the polls in May with less to show for his term of office than if he had had a decisive majority in Parliament.

The leader of the Labour opposition and former Prime Minister, Mr. Joop den Uyl, is preparing a vigorous and longer than usual campaign in what is widely seen as his last chance of returning to government leadership.

The Labour Party will argue that the "levelling" of incomes has still not gone nearly far enough (it wants a ratio of 1:3½ or 4 betwen the minimum wage and the highest salaries), and make a major play of the need for the emancipation of women through equal treatment at the workplace. But it is widely expected that nuclear power and nuclear weapons will prove by far the most emotive issues of the elections.

Broadly speaking, the Labour Party wants to close down the country's present two nuclear power stations, bar American Cruise missiles from Dutch soil and reduce the existing Dutch nuclear role in NATO.

The Christian Democrats are split on the power stations, but have patched up a position on the missiles according to which they will take a decision in one year's time—in the light of progress in arms control negotiations with the Soviet Union. The Liberals are in favour of both missiles and power stations.

Nobody doubts that the country is in an increasingly vociferous anti-nuclear mood. The issue is so sensitive that the Government has so far failed to find any independent organisation prepared to step forward and organise the two-year-long "great debate" on the country's future energy policy that it had hoped to start almost 12 months ago. It will now almost certainly not take place before the election, meaning that one can virtually write off nuclear power as a major energy source in the Netherlands for a good 10 years or more. That in turn means that, as the gas runs down, the country will be obliged to rely increasingly heavily on expensive and uncertain supplies of imported oil in the coming decade.

But if the nuclear issue is exciting the general public, politics, as a whole, is not. A

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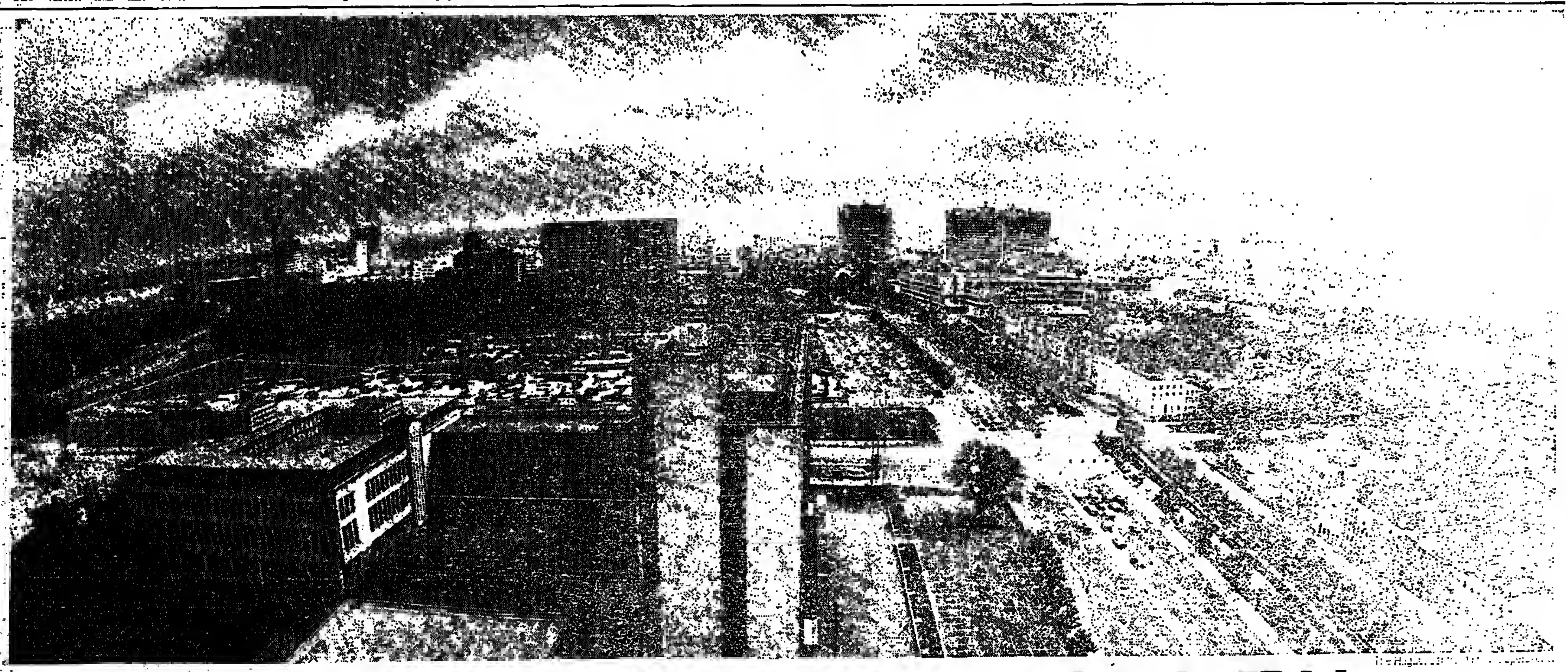

A brooding sense of missed opportunities

THE ECONOMY

JOHN WYLES

AS THE second economic chill in seven years starts to bite, there is a brooding sense of missed opportunities in the Netherlands.

Since 1973, the nation's riches in natural gas have contributed substantially to national income while approximate energy self-sufficiency has afforded e margin of manoeuvre around two world oil price shocks which has not been open to any other European country.

Yet, in 1980 and 1981, the Netherlands is wrestling with almost exactly the same package of problems from historically high unemployment (possibly 10.5 per cent next year) to non-existent growth as all other industrialised countries. The fact that the severity of many economic problems is not as grave as elsewhere is cold comfort to a Government which will go into an election campaign next spring with economic policies based on statutory pay restraint and cutbacks in social welfare programmes.

In short, there is a sharp realisation in The Hague that if more of the advantages of natural gas had been transferred into industrially productive muscle instead of socially comforting fat, then the outlook would be considerably brighter.

For the last two or three years it has become increasingly clear that the country's economic and social goals have been too ambitious. Lavish social security programmes coupled with extreme emphasis on narrowing pay differentials has helped starve Dutch industry of cash, and labour; the latter has shown an increasing aversion to working in industry.

At the same time, the rising financial burden on individual contributions of the social security programme has helped push up wage demands at times when income restraint was needed.

Meanwhile, the relatively low profitability of industry (one public sector economist reckons that the private sector's return on capital to be between 2 and 3 per cent) has shackled growth in output and employment. This, in turn, has encouraged governments to sidestep out of a political corner by boosting public employment and thus the public sector's demand on resources.

The net result is that taxes, social security contributions and non-tax Government revenue bas risen from 49.7 per cent of the country's national income ten years ago to 65.4 per cent in 1980.

This has created difficult public financing problems and has effectively put a corset on the expansion of the private sector. The Centre Right Government's first coherent acknowledgment of the need for economic restructuring was unveiled in June, 1978, as its "Blneprint 1981" plan. This aimed to prune Fl 10bn off public spending during the three-year period so as to reduce the public sector borrowing requirement, and to create the conditions for e more sustained growth in the private sector.

The plan is now waiting for a formal burial, although its so far elusive strategic objectives remain central to government policy.

Caustic comment

Commenting recently on the plan, the Amro Bank caustically observed that it had "faded beyond recognition and the Cabinet seems resigned to its failure to reech most of the original targets. Public sector spending was not sufficiently curbed, business profitability was not restored and the rising trend of unemployment was not reversed."

While the record of achievement may not so far be impressive, the point still remains that the Netherlands is still better placed than many other countries in its struggle to curb public spending, revive the private sector and reduce unemployment.

The most recent rise in oil prices is now feeding through to the country's natural gas export contracts and boosting government revenues. As a result, the 1981 borrowing requirement should fall from around Fl 18bn this year to Fl 6.8bn or from 6 per cent to 5.25 per cent of national income.

At the same time, the Government is budgeting for a Fl 765m reduction in profit taxes on industry end e Fl 425m increase in investment premiums.

While attempting a more restrictive approach to its own costs, the Government attaches the highest priority to controlling private sector costs, particularly on wages. With substantially more than half of its national income derived from exports and some of the highest real wages in the EEC, productive competitiveness is absolutely essential.

It is also essential beceuse society is highly indexed. Wages, social security payments and income tax are all tied to one index or another which gives the country a powerful capacity for self-generated inflation. This mekes its recent record all tha more admirable, although the echievement has not been recorded without social and political strain. Consumer prices rose by 4.5 per cent in 1978 and 1979 and by about 6.5 per cent this year. These inflation figures are the best in the EEC.

But Dutch Government and industry has become increasingly worried at the failure in the last two or three years of productivity to cover rising wage costs. Thus, labour costs per man rose by 7.2 and 6.2 per cent in 1978 and 1979. This year they could rise by 6.5 per cent, kept broadly in line with inflation by the use of wage controls.

After the Dutch Central Planning Bureau had forecast in September an 8 per cent increase in nominal wages next year, the Government sengbt agreement on a period of voluntary wage restraint from employers and unions.

This has, however, proved impossible to achieve so the Government now plans to legislete to hold wages some 2½ per cent below levels which would normally be established by the cost of living index. The level of sacrifice is minimised for the lower paid and the "non-adjustment" for inflation will be made in January.

This should help slow the rise in consumer prices from ebout 7 per cent this year to 6 per ceot. If the budget programme goes through, private consumption looks likely to suffer a drop of at least 1 per cent.

But the relatively better anti-inflation performance of the Dutch economy compared to other EEC economies should help maintain the strength of the guilder—a top government priority — while offering the prospect of enhanced competitiveness in export markets.

This is ebsolutely essential for an economy which draws more than half of its gross domestic product from exports. Although the Netherlands has broadly held its share of world trade this year, its balance of payments have been badly hit by deterioration in the terms of trade.

Export volume this year looks likely to be around 3 per cent higher than in 1979 and imports about 2.5 per cent higher. Export prices, however, managed only a 17.5 per cent increase in the first half of the year compared with a 19.2 per cent rise in import prices. This has been another source of pressure on private sector profitability and, therefore, a depr[essing] factor for investment pr[os]pects. The balance of payme[nts] on current account is head[ing] for a deficit of around Fl 4.5[bn] in 1980 in contrast to e surpl[us] last year Fl 1bn.

The Central Planning Offic[e] forecast of a current accou[nt] deficit next year of Fl 1bn, by its own admission tentat[ive] and dependant on wo[rld] demand, improvement in [the] Dutch competitive position a[nd] exchange rate changes. [It] assumes, however, e 2 per c[ent] growth in export volume.

When it produced its rep[ort] in September, the planni[ng] office projected real growth [of] 0.5 per cent in 1981 which lo[oks] likely to be the outturn t[his] year. Since then other expe[rts] have proved more pessimis[tic] and the Amro Bank recen[tly] produced an estimate of a 1 [per] cent fall in real GNP next ye[ar].

The implications for une[m]ployment would be alarming [in] any other economic system. [But] the social security arran[ge]ments, which for many Du[tch] economists are the villain [of] the piece, undoubtedly take [a] lot of individual pain and soc[ial] stress out of joblessness. Du[tch] unemployment benefits [are] among the highest in the OE[CD] whose secretariat reported t[his] year that they amounted [in] 1979 to 85 per cent of the [...] "modal" wage for the first [...] days and to 82 per cent for [the] next two years.

Understatement

The official Dutch projecti[on] is that in 1981 there will be [an] average of 280,000 unemploy[ed] or 6.5 per cent of the wo[rk] force. But the Ministry [of] Economics acknowledges th[at] this understates the true joble[ss] total because many thousan[ds] capable of normal employme[nt] draw disablement benefits [in]stead of unemployment benefi[t].

As a result, there is gener[al] agreement among experts th[at] the true unemployment figu[re] for this year is around 415,00[0] or 9.5 per cent of the labo[ur] force; and that this could rise [to] 10.5 per cent or 480,000 ne[xt] year.

According to the OECD it [is] worthwhile to conjecture ho[w] genuine Dutch unemployme[nt] is, since there is significa[nt] "mismatching" between suppl[y] and demand affecting sever[al] sectors and several skills. Th[e] OECD claimed that, in 197[...] the total male unemployme[nt] rate would have fallen from [...] to 3 per cent if the registere[d] vacancies for industrial an[d] construction workers were fille[d] by the male unemployed.

BASIC STATISTICS

Area	41,000 sq km
Population	14.03m
GDP*	Fl 299.01bn (US$149.1bn)
Per capita	Fl 21.31[...] (US$10,614)
Exports*	US$58bn
Imports*	US$59.5bn
Exports to UK*	£3.44bn
Imports from UK*	£3.06bn
Currency guilder:	£1=Fl 4.89[...]
Inflation, 6.9% (12 months to Sept. 1980); 4.2% (average for 1979)	
Foreign exchange reserves:	U.S.$1.02bn (Sept. 1980)
Balance on current a/c:	US$2.28bn

* Figures for 1979.

Mood of realism

CONTINUED FROM PREVIOUS PAGE

couple of political experts, asked to sum up the mood of the country last week, both agreed that the one word "indifferent" was the most accurate description.

Outside the circle of their natural supporters, neither Mr. van Agt nor Mr. den Uyl are highly regarded as leaders—many Dutchmen are bored by the duelling between them and cynical of the ability of government, any government, to solve the country's problems.

This perhaps partly explains the phenomenal rise in the opinion polls of a leftist-centrist-liberal party called D'66—once the haven of trendy, middle-class intellectuals, but now acquiring e much broader base. Its opponents say that its policies are woolly and designed to say all things to all men, but there is no doubting the vote-catching appeal of its attractive 49-year-old leeder, Jan Terlouw.

Predictions

Pundits in The Hague are currently predicting a Christian Democrat-Labour-D'66 coalition as the most likely outcome of the May elections, although nothing can of course, be certain. Many people in banking and industry still have a sneaking hope that the current centre-righ coalition will managa to squeeze through on the day.

According to the latest opinion poll, the suggested new three-party grouping would muster a convincing majority of 113 out of the 150 Parliamentary seats. The idea is that it would then be in e position to push through the decisive measures needed to heal the country's economic wounds and put it back on track towards the millenium.

But it would be wrong to exaggerate the country's problems. The plight of private industry, and, of course, that of the unemployed, is to be pitied. Yet inflation is low by international standards, the guilder strong and the balance of payments improving. The country remains one of the richest and most civilised in the world. The gas may be running oot, but there is still time—if the new mood of realism takes hold—to prepare for the days wheo it is no longer there.

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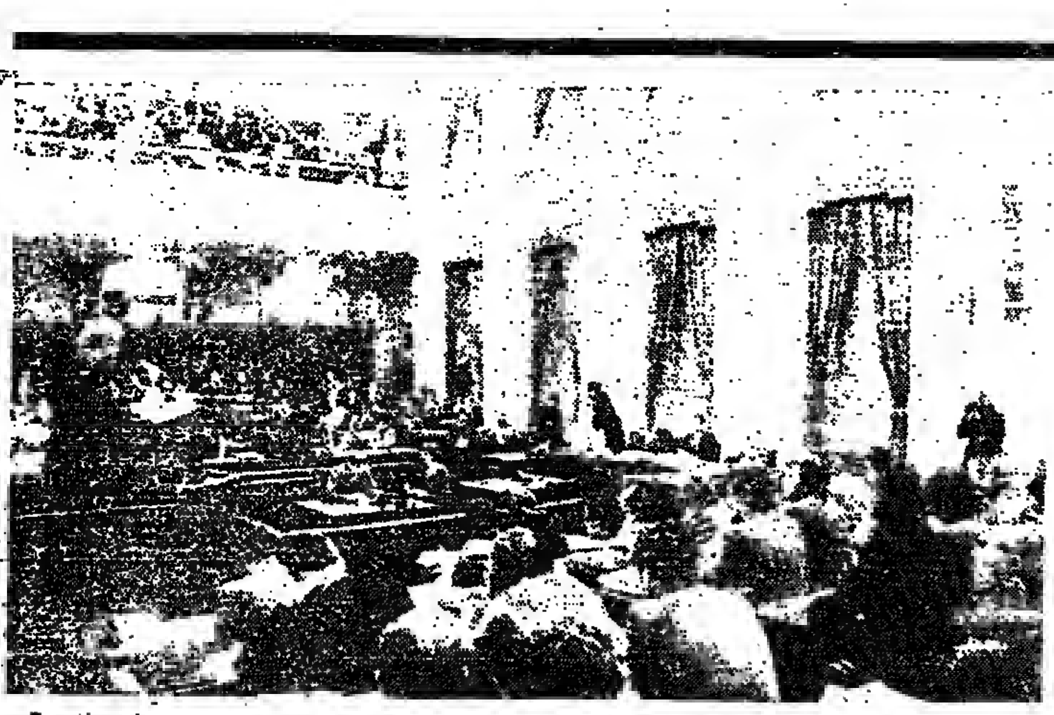

Reaction is generally strongly against involving the Netherlands more deeply in nuclear armaments. Above: A view of the Ridderzaal where the Dutch Parliament debates nuclear issues

Key issues in the coming elections

FOREIGN POLICY

JOHN WYLES

"BAN NUCLEAR weapons from the world and start with the Netherlands" is the slogan of the Dutch peace movement. It is a near perfect expression of the idealism and moral fervour which lies close to the Dutch soul, but which — unhappily for many Dutch—has until recently enjoyed a very imperfect expression in the modern world.

The Dutch will tell you that they are torn by a tension between "the minister and the merchant" and that for most of the post-war period it is the merchant who has had the upper hand in the running of Dutch foreign policy.

But the Calvinist enthusiasm for a morale crusade has been fighting back strongly in the last 18 months, forcing the Centre-right Government to step in directions that it would almost certainly otherwise have ignored. In particular, the coalition's decision last December to postpone until December, 1981, a final verdict on whether to accept the location of cruise missiles on Dutch soil was a response to a strong popular reaction against involving the Netherlands more deeply in nuclear armaments.

Decision

There is at least an even chance that whichever group of parties form a Government after next May's general election, the final decision will be against accepting the missiles.

The "minister" may also achieve one other important victory in the next 12 months which could involve the country in levying a unilateral oil boycott against South Africa.

The fact that strong popular support can be mobilised behind this and the nuclear observers of the Dutch scene is evidence of an astounding naivety.

There is certainly as much of that in the Netherlands as anywhere else. But the new undercurrents in Dutch foreign policy reflect much more a sense that somebody has to show the way and bring to an end years of frustration which have not lessened nuclear tensions, which have not weakened apartheid and which have not achieved a remotely adequate rate of economic development in the Third World.

These concerns are shared by political groups and parties throughout Europe but they are not prime political issues capable of making or breaking governments as in Holland. Certainly, all the main political parties expect the nuclear weapons and South African issues to feature very prominently in the election next May.

Here the reader may be puzzled as to why he has not been particularly aware of a burgeoning Dutch crusade on these and other "moral" issues. This apparent lack of impact irritates the opposition parties and indeed some supporters of the Christian Democrat Appeal, the main coalition party.

Convictions

Broadly, these critics would like to see a more powerful public assertion of Dutch convictions on the need for disarmament negotiations, a different approach to South Africa and more development aid for the Third World.

The case for the Government defence is that the conduct of foreign policy contains all the assertion that is necessary and appropriate. But much of the expression is inevitably muffled by the fact that it is delivered within the two multilateral alliances; the EEC and NATO, which are the twin foundations of Dutch foreign policy but also dominated by more powerful states.

However, within the EEC frame is a feeling that the Netherlands is less interested in trying to initiate new policies than it was 10 years ago. The Government claims that where the country can act distinctively, it does so. It gives 0.93 per cent of its gross national product in aid to the Third World and is thus well above the aid benchmark set by the UN.

The Government also claims it can act unilaterally where appropriate. Thus, it was the only EEC country to send its Foreign Minister to a meeting in Maputo, Mozambique, this month when the African front line states were discussing how to reduce their economic dependence on South Africa.

The Dutch Government's new, more aggressive approach to South Africa appears to date from the death of the black leader, Stephen Biko. According to Mr. Relus te Beck, chairman of the Dutch Parliament's foreign affairs committee, the Dutch people were outraged by the Biko death. The tide of anger swept away a policy of 15 years or more based on the view that maximum contact and dialogue would bring about changes in apartheid.

The Dutch impatience with South African intransigence owes much to feelings of guilt and responsibility about the fact that a distant relation the Afrikaner, is both the architect and the main driving force behind apartheid.

It is doubtful if a single Dutch politician actually believes that unilateral imposition of an oil embargo against South Africa, as demanded by the Parliament last June, would achieve anything. But its supporters, who include a substantial number of members from the largest coalition party, the CDA would like to see such an embargo as a beacon demonstrating to black Africa that Western Europe is ready to go beyond pious rhetoric in its attempt to bring about change.

The possibility of unilateral action stems from the Government's failure to harness EEC opinion behind an embargo. For the moment, however, the Hague is trying to establish how much support might be forthcoming from the Scandinavian countries.

When the Parliament debates the issue in January, the Government's message will almost certainly be that the Netherlands will either have to go it alone, or not at all, and that it should stay its hand because an ineffectual gesture from the Dutch will do nothing to weaken the South African commitment to apartheid.

Of far more immediate political impact would be a Dutch Government decision next December to refuse to site 48 Cruise missiles on its national territory.

Within the governing coalition, the CDA is split on the issue while the Liberals are broadly in favour. The opposition socialists will campaign vigorously in next spring's election campaign against the missiles while the small D66 Party has temporarily healed its own divisions by rejecting the proposed Theatre Nuclear Force strategy "under present circumstances."

Few politicians in the Hague believe that the elections will determine this issue, unless the socialists are swept into Government, which is unlikely.

Reactions

Current Parliamentary opinion is that at best (from the TNF supporters point of view) the final decision will be postponed again next December while the possibility of rejection cannot be ruled out. A lot could depend on the course of U.S.-Soviet disarmament negotiations between now and then.

But a Dutch decision against Cruise would almost certainly force the Belgian Government (which has similarly postponed a decision) to follow suit. This would then cause immense disquiet in West Germany which would be left as the only Northern European Continental country willing to give the new missiles a home. The consequences for the NATO alliance and Atlantic relations could thus be extremely grave.

Opponents of the missiles in the Netherlands see them as a dangerous escalation of the nuclear arms race which could be a fateful step down the road towards an undesired and undesirable European nuclear deterrent. They regard the siting in West Germany of missiles capable of hitting targets in the Soviet Union as particularly sinister development capable of destabilising the uneasy balance between East and West in Europe.

However, there is no demand from this side of the world for the American nuclear guarantee to be withdrawn from Europe nor for the Netherlands to pull out of NATO.

The Dutch presidency may also be involved as joint chairman with the Palestine Liberation Organisation in a ministerial meeting of the Euro-Arab dialogue. This would have been unthinkable a few years ago for a country with traditionally the strongest and most sympathetic links with Israel.

However, the Dutch claim that the Begin Government has forfeited a lot of goodwill and it is now manifestly clear that the Palestinians are a people in need of a homeland and that the PLO, as one of their main representatives, must be involved in a final peace settlement.

A feverish search for solutions

POLITICS

CHARLES BATCHELOR

DUTCH POLITICS are entering that feverish pre-election stage when solutions must be found to issues dividing the ruling coalition partners and when apparently minor issues could provoke a Cabinet split. Politicians are more ready to force a crisis in the final months of a government than risk public wrath by causing a collapse at its beginning.

The current consensus in The Hague is that the coalition of Christian Democrats and Liberals will survive until the election on May 26. In spite of their small majority—the Government has 77 MPs in the 150-seat lower house—and the existence of about 10 Left-wing rebels among the Christian Democrats, the Cabinet has survived several crises in the past three years.

Mr. Dries van Agt, the Christian Democrat Prime Minister, has proved a surprisingly able leader and established a good working relationship with Mr. Hans Wiegel, his Liberal opposite number and Deputy Prime Minister. Mr. van Agt's "unpolitical" approach to his task and frequently expressed doubts about the political profession's value have not prevented him from keeping party and coalition intact.

The Centre-right van Agt Cabinet came to power in December 1977, seven months after an election which saw a Labour Party landslide and seemed to herald a continuation of the socialist-led Government of Labour Party leader Mr. Joop den Uyl. That the Labour Party failed to provide a new Prime Minister and was not even a member of the new Government appeared to fly in the face of the political realities.

Few observers believed the present Cabinet would survive for long. Mr. van Agt has both confounded the doubters and established a considerable personal reputation.

In the past 12 months the Government has survived three crises—over the Dutch response to NATO's plans for new nuclear weapons in Europe, its economic policies and over a call for a unilateral oil boycott of South Africa.

The most serious came over NATO. Ten Christian Democrat MPs voted with the Left-wing Opposition parties to reject both production and deployment of the missiles proposed by NATO planners.

In a subsequent debate, however, they accepted the Government's compromise to postpone a decision for two years to allow disarmament talks between the West and the Soviet Union.

Conflicts

Barely two months later, the Government was confronted with Cabinet conflict over planned spending cuts. Mr. Frans Andriessen, Finance Minister, resigned after the Cabinet refused to back the cuts he deemed necessary.

In June, the Government survived by two votes an Opposition no-confidence motion over its handling of a proposal for an immediate ban on oil deliveries to South Africa.

The record seven months required to put together the van Agt coalition were criticised severely, but have resulted in a durable Government. The policy document drawn up by the coalition partners before they assumed power has provided a point of reference during their term of office. The Netherlands thereby avoids the Italian experience of a rapid succession of fragile coalitions.

The Dutch political scene reflects a remarkable diversity of views. Three of the smaller parties—the Democrats (D'66), the Democratic Socialists (DS'70) and the Radical Party (PPR) — have emerged in the past 15 years.

A major step in the opposite direction was taken in October by the three largest religious groupings. The Catholic Party, the Calvinist Anti-Revolutionary Party and the Protestant Christian Historical Union ended more than a decade of preparation when they amalgamated to form the Christian Democratic Alliance.

They presented a joint programme for the first time in the 1977 election and gained one more seat than when they stood separately in 1972.

Religious attitudes have not proved a point of conflict within the alliance, which is seen generally as a defensive move by the congressional parties in an increasingly secular climate. The Catholic Party gained as many votes — 32 per cent — in 1963 as the three together in 1977.

What has divided the party and continues to undermine the alliance is the conflict between MPs from the progressive wing of what used to be the Anti-Revolutionary Party and the pragmatic, middle-of-the-road line taken by the Cabinet.

The progressives believe, for example, that the Netherlands should get rid of nuclear weapons, regardless of global defence implications, and that the Dutch should not supply oil to Pretoria, whether or not this would have a significant impact on South Africa's economy.

A significant new force on the political scene is D'66. The most recent opinion polls indicate that the party, which has eight MPs, could expect to win 20 to 24 seats in Parliament.

The party describes itself as "progressive liberal." While it often votes with the Left-wing parties, it rejects what is seen as socialist dogmatism and places great emphasis on individual rights.

The popularity of D'66 has raised questions about its ability to provide ministerial talent if it were included in a future coalition. The party sees no problem, pointing to its experience as a junior partner in the previous den Uyl Government.

The Liberals (VVD) are resigned to losing seats in the election. If they fail to gain enough votes to continue their coalition with the Christian Democrats, there is a good chance they could find themselves in opposition against a centre-left Government.

In spite of the conservative image of its leader, Mr. Wiegel, the party is attempting to stress its liberal image. This could create ultimately openings for a link with parties on the Left and free the Liberals from their isolation to the right of the Christian Democrats.

On many issues, such as abortion and other "human" questions, the party says it is closer to the socialists than the Christian Democrats.

The Labour Party (PvdA) has been taking steps to avoid a repetition of the 1977 coalition talks, which led to its exclusion from the present government. A lack of co-ordination between MPs and the party limited Mr. den Uyl's freedom in negotiations with the other parties. Labour is determined the same thing will not happen next year.

Several issues could cause the van Agt government to stumble, in spite of the general feeling among the parties that it will survive until May—its predecessor fell two months ahead of the election.

Abortion law reform continues to divide the coalition partners. The complex issue of the compulsory purchase of farming land and the price to be paid by local authorities, which brought down the previous government, still has to be resolved.

Differences over issues such as limiting tax relief on mortgages, or restricting the extent to which foreign commercial television broadcasts can be shown to Dutch viewers have been solved within the Cabinet, but will almost certainly prompt fierce Parliamentary debate. But if the Government does fall, this is more likely to be the result of dissension within the Cabinet. However skilfully Mr. van Agt handles the next few months, historically the odds are stacked against him. Only three post-war Cabinets have served their full term.

THE STATE OF THE PARTIES

	Seats in Lower House	The latest Vara opinion poll
Labour (PvdA)	53	44
Christian Democrats (CDA)†	49	46
Liberals (VVD)†	28	22
Democrats (D'66)	8	23
Radicals (PPR)	3	2
Calvinists (SGP)	3	3
Communists (CPN)	2	6
Democratic Socialists (DS 70)	1	0
Farmers' Party (BP)	1	0
Calvinist Political Union (GPV)	1	1
Pacifist Socialists (PSP)	1	3
Total	150	150

† Government party.

Growing partnership with industry

BANKING

PETER BRUCE

AT THE END of September, the big Dutch general banks and small to medium-sized industry finally found themselves in a position to cement a growing partnership. And if the occasion aroused only subdued enthusiasm in the Dutch banking community, smaller industry has, reportedly, reacted far more excitedly.

Diminishing industry profits in the past few years increased general bank exposure to industry to such an extent that by early this year it had become almost inevitable that the banks, somehow, would begin pumping equity into small and medium-size industry.

Even so, when the Central Bank eased the limits on bank participation in non-financial institutions in late September, two of the "big four" general banks announced remarkably quickly that they were setting up, and funding, participation operations.

The Central Bank scrapped regulations limiting banks to a 5 per cent holding in companies, allowing them to put Fl 2.5m (£313,347) into any company provided they did not take a majority share.

The first bank to move—in days—was the fourth largest, the Nederlandsche Middenstandsbank (NMB), traditionally a specialist in financing small and medium-size business. For two years it had maintained public advocacy for the change—largely, perhaps, because its reputation as banker to smaller industry has been challenged increasingly by the bigger banks.

The country's biggest bank, Algemene Bank Nederland (ABN), followed quickly.

Who put the pressure on the authorities to lift the participation restrictions is not clear, but the issue seems to have gained in popularity (even among politicians) since NMB advocated equity participation in its 1978 annual report.

"You could say that the some banks were more enthusiastic than others," said Mr. Wim Scherpenhuijsen Rom, NMB chairman.

"After the Press saw the annual report, venture capital suddenly became a big issue for us, so we continued to draw attention to it. The whole thing became a bit of a political issue."

NMB has capitalised its venture capital arm, initially, at Fl 20m, although it may raise this to Fl 100m. ABN is using an existing subsidiary's Fl 30m capital initially.

"If it is necessary to increase its capital, then we will," Dr. Andre Batenburg, ABN chairman, said. eH warns, however, of overestimating the future of bank participation.

"You shouldn't get the impression that the Dutch banking system wants to participate on a large scale in medium or large industry. This move is concentrated on small industries. At the same time you should not underestimate it. The field of operation is rather large, even though the amounts may be small," he said.

No exact limit on bank equity involvement has yet been set, but for the time being it seems it will be restricted to a few percentage points of each bank's individual resources.

Silent so far

The other two big banks have kept silent on equity capital since the restrictions were lifted, but Dr. Batenburg is certain they will find a way into participation.

Amro Bank, the second biggest, may use its merchant subsidiary, Pierson Heldring and Pierson. Little is known about the plans of the third biggest bank, Rabo Bank—a co-operative of about 1,000 agricultural credit institutions which recently started non-agricultural lending.

The response to the ABN and NMB announcements appears enthusiastic. NMB said "several hundred" inquiries had been received. There has been little time, however, to measure success

"We are handling the applications at the moment," Mr. Scherpenhuijsen Rom said, "and we will be looking closely at tthe quality of management."

ABN says it has been surprised by the quality of most proposals submitted by companies in the last two months. "But although we are allowed to take up to 49 per cent in a company," Dr. Batenburg said, "our share will not normally exceed 25 per cent, usually in the form of shares or preference shares that will require a net yield on share capital of at least 10 per cent. We also want to be reasonably sure that we can sell the participation after five years and we will usually require a seat on the supervisory Board."

Those criteria seem likely to be universal, though NMB may be more elastic than the other banks.

As the general banks have increased their commitment to industry the Central Bank's credit limits have encouraged them to fund themselves with longer term money.

Dutch banks are allowed to exceed credit expansion limits only if they finance the excess on the capital market.

Combined with the trend towards long-term lending, the move into equity finance seems a logical development, although the participation, initially, seems set to be relatively modest.

There is little indication, though, that industry is going to reverse its present dip—and it is quite possible the banks, once committed to participation might find themselves drawn into industry beyond the levels now felt tolerable.

Of the big four banks only ABN is well insulated from domestic problems by its foreign operations. ABN, the world's 25th largest bank (assets in 1979 were $45.6bn) generates more than 30 per cent of its revenue outside the Netherlands—chiefly in the U.S. and Europe. NMB has been expanding abroad recently—the bank had no foreign branches five years ago but now plans a fifth in London.

Amro Bank is active internationally and is likely to expand its foreign exposure. Rabobank has only recently begun to develop its international side.

This year will probably show continuing rises in general bank volumes, with earnings per share at least equal — in some cases higher — than last year.

While profit growth seems likely to depend increasingly on interest margins, the banks in the past have been able to make use of variable surcharges to offset interest rate fluctuations on the capital markets.

Solid performance from insurance companies

DESPITE A fairly dull second-half performance, stock market analysts in Amsterdam are expecting another solid performance from insurance companies this year.

Costs have generally been held in check and bank Mees and Hope NV reported in August that insurance companies were expecting the current financial year to realise a growth in earnings of between 10 and 15 per cent on a generally uninterrupted turnover.

Of the "Big Five" quoted insurance groups—Nationale-Nederlanden, Amev, Ennia, Amfas Groep and Stad Rotterdam—only Amev's share earnings are expected to drop this year (by 3 per cent), the Amro Bank predicts, because of its continuing takeovers abroad.

Share earnings at Nationale Nederlanden, Amro estimates, should rise 16 per cent (17 per cent last year). Amev share earnings should be down 3 per cent (up 11 per cent in 1979). Ennia earnings are forecast at 5 per cent up (10 per cent last year). Amfas Groep's will probably remain unchanged (up 13 per cent last year) and Stad Rotterdam's shares seem set to improve 12 per cent (up 8 per cent in 1979).

Bank Mees and Hope points out that much of the interruption in the growth of share earnings at Amev, Amfas and Ennia is due to fairly heavy increases in share capital this year.

Both Amev and Amfas announced one-for-five issues in the first half of the year and Ennia has increased its capital by an estimated 20 per cent through converting sterling and dollar convertibles and private placements of shares abroad (mainly in the UK).

Like insurance sectors worldwide, the Dutch are likely to come up against considerable underwriting losses, especially in non-life operations, sooner or later but as an illustration of the strength of the Dutch insurance market at present, the three companies estimated that if adjustments were made for capital expansion, earnings per share this year would be the same, if not higher, than in 1979.

Admittedly, the hypothesis was based on a first quarter not likely to be repeated this year, when Amev, Ennia and Amfas share earnings grew 19, 38 and 15 per cent, respectively.

Over the past few years, some of the Dutch insurance expansion abroad has been so significant that it threatens to become a political issue. Early in the year, Mr. Joop den Uyl, whose left-wing Labour Party, according to current polls, will emerge as the Government leaders after next year's election, said investing Dutch-paid premiums abroad was "scandalous."

He has spoken of imposing controls on insurance investment policies but it is not certain what support there would be for such moves within his party.

Of the five listed companies only Stad Rotterdam confines itself to the Netherlands.

At the end of 1979, before a take-over in Australia and another in the U.S., Amev's non-Dutch premium income was about 29 per cent.

Amfas Groep's external operations, confined mainly to Belgium, account for an estimated 15 per cent of premium income, with 26 per cent at Ennia.

Nationale-Nederlanden, by far the largest insurance company in the Netherlands, derived some 44.5 per cent of its premium income from outside the country.

DUTCH BANKS: DEVELOPMENTS 1975-79

(Percentage annual growth)

Fl m	Algemene Bank Nederland	Amro Bank	Nederlandsche Middenstands-bank
Balance sheet total, 1979	86,757	84,133	40,518
% growth 1975-79	16	19	22
% increase 1979	14	16	22
% share Euro-currencies (estimated)	±25%	±28%	±15%
Debtors, advances, bills 1979	29,395	23,575	14,298
% growth 1975-79	15½	17	23
Medium-term loans, 1979	19,031	22,569	11,352
% growth 1975-79	22	24	33
Savings account, term deposits 1979	52,754	55,351	29,269
% growth 1975-79	20	21	26
Demand deposits, creditors, etc., 1979	24,141	19,938	6,931
% growth 1975-79	9	13½	17
Average return on equity, 1979	12.7%	12.3%	15%
Capital + reserves 1979	2,269	2,384	942
% growth 1975-79	15	15	21

Source: Bank Mees and Hope

Trade unions find themselves in a dilemma

LABOUR

MICHAEL VAN OS

AT A symposium four years ago, Mr. Frans Swarttouw, a leading Dutch businessman, bumped into Mr. Herman Bode, an important trade union chief.

Mr. Swarttouw said to him: "I don't envy you. Your motivation as a trade union used to be more than clear: workers earned nothing and did not have a wink of influence on matters, and there was plenty to fight for. Things have changed now. You are digging around to find new objectives.

"Why not continue on the road towards achieving centralised industrial democracy, via the works councils? Leave the object of changing society to the place where it belongs to Parliament."

Today, the central discussion is again about wages, but this time attention is focussed on the employment implications. Both trade unions and employers are at loggerheads over wage policy, following the latter's decision to continue wage controls into the new year.

The country's biggest trade union, the Industriebond FNV (Industrial workers) has even decided to take the Government to court. It alleged that it was illegal to "break open" wage pacts between unions and employers. The move shows that relations between the unions and the Government have reached freezing point.

Dr. Willem Albeda, the Minister of Social Affairs, wants to limit the increase in the Dutch wage bill to 5.5 per cent next.

Contracts already concluded for the period 1980-81 provided for increases, including indexation, of around 8 per cent, he said.

Limitations

Steef van Eijkelenburg, which heads the NCW (the smaller of the two employers' federations), comments: "The Government should have kept out of this. We prefer to negotiate with the unions independently on pay."

The curbs will limit the extent to which wages rise in line with prices and clip the size of the annual holiday bonus. The minister says he is prepared to close a loophole—if unions try to offset the curb by demanding larger wage rises—by introducing overall limits.

Mr. Wim Kok, chairman of the FNV, has found himself in an extremely difficult position in several respects: he acknowledges that any government cannot merely stand by idly during national wage negotiations in the current difficult economic situation.

Premier Andries van Agt has pointed out repeatedly that the outcome of the wage negotiations fixes for some 60 per cent of the national budget. The level of social security paid, which, including health care, covers an expenditure of over Fl 80bn — "We are not just entitled, we are compelled to concern ourselves with the negotiations," he says.

The present blockage in labour relations is not easily explained. Mr. Kok says: "The deepening economic crisis is a main factor. The relationship between the level of wages, and social security, has increased the problems, and the union movement has thus become involved in politics.

"It would be easier for us if we stopped insisting on this relationship, but that would mean chasing up the 'actives' in society against the 'inactives.' We opt for solidarity with the latter group."

Mr. Kok's problem is, too, that, confronted with zero economic growth, the traditional subject of the negotiations between employers and unions, the annual wage increase has, in practice, disappeared from the bargaining table. Something nebulous such as "creating or maintaining employment" is taking its place. At the same time, the grip of central organisations, such as the VNO and NCW (employers) and FNV and CNV (unions) has lessened gradually over the last few years: what successes are there still to be made to impress their members or rank-and-file?

This year, the Industriebond FNV, led by Mr. Arie Groenevelt, at that time one of the country's most militant trade unionists, published a document entitled "Doormodderen of Durven" (Muddling Through or Daring). Its message, which caught many people by surprise, was that the union was ready to accept a cut in purchasing power in return for more work and maintenance of the social security system, offering the change of priority which the employers had been urging for so long.

Asked why the union had taken the Government to court over the wage measure if it was so much in favour of wage restraint, a spokesman said that the ideas had been developed after the 1980 wage negotiations had been concluded, and that most of the 2 per cent real incomes increase achieved has gone to additional payment for dirty work, extra holidays and early retirement, the latter two to job distribution.

"Wage restraint will be the issue next year. We did not expect wage controls. Restraints, yes, but not without firm agreements with the employers on jobs," said the spokesman.

This apparent change was not so surprising, however, for in the sectors where the union is most active — shipbuilding, metal industry and textiles—the employment was disappearing at a rapid pace.

After World War II increasing activity — first caused by harder working, later by technological innovation — ensured constant real income increases. Wage demands were high, and when strike action loomed, employers were often prepared to meet the demands, which partly explains the country's reputation of being relatively strike-free.

Changes

High wages were still being paid in the 1960s, but in the 1970s the situation changed. Productivity continued to grow, but sales no longer kept pace. The first oil crisis had a damaging impact, and industry footed most of the bill as a result, on the wages front, of full wage indexation.

Initially, the rapidly growing services sector could absorb superfluous labour but that soon changed as the effects of investment into labour-saving equipment were beginning to be felt. Unemployment has nearly trebled since the oil crisis of 1972-73 to 250,000 (5.8 per cent of the working population), and there is massive hidden unemployment. The high cost-levels, compared with competitors in Europe, coupled with the strong guilder as a result of natural gas sales, had a disastrous effect in the period of economic downturn.

The choice confronting the unions — more money or less jobs—has split the trade union movement, presenting another big problem for FNV chairman, Wim Kok. A unionist said: "The members are obviously more prepared to strike for money rather than for the employment of others."

The truth of this became apparent during the strikes in the port of Rotterdam last year, about which the union leaders were far from happy. It was evident that the distance between them and the workers on the shop floor was widening as a result of their new priorities, and there was little they could do about it. The change of priorities, which has been adopted by the FNV central organisation, has meant that another union has now become the most militant, in terms of wage demands—the Voedingsbonden FNV (workers in the food industries), led by Mr. Cees Schelling.

Many of his members are in the lowest income bracket. Most do not have a particularly attractive job environment, but they work for companies which are relatively healthy and where there was often a shortage of labour. Schelling has opted for money.

When announcing his wage measure, Dr. Albeda also stipulated that he intended to force company managements and employees to have regular meeting to discuss the employment situation in their companies.

The FNV chairman, Mr. Kok, said: "It is logical that we shall focus our attention of achieving more jobs and improved working conditions. Employers had planned for a higher wage bill, and we shall be on the spot to see what happens with the money that has become available as a result of the wage measure." Mr. Kok dropped his insistence on employment guarantees from the employers which they so bitterly resisted in the past.

Besides the level of wage costs, a second development that is bothering Dutch employers are "imbalances" in areas of the labour market. In a country with relatively high unemployment, it is often difficult to fill vacancies. For example, in the metal industry, where this situation is most obvious, the number of unemployed totalled 18,300 in October but unfilled vacancies were 12,500.

It had already become clear during the 1980 wage negotiations that certain industries and companies had been prepared to pay more than the Government liked to see. This was not necessarily because they were so healthy and could therefore afford it, but rather because they could recruit more easily. Other, more cynical observers, say they agreed because they knew they would receive the money back via a wage measure on which they had banked.

On the labour market problems, the employers have boldly stated that "the social welfare State had become out of control," and that most problems were caused by the fact that "those at work now receive only little more money than those who were not."

An added long-term problem is that the Dutch are no longer inclined to take on uninteresting, dirty or badly paid jobs. To counter this trend, the Government is arduously studying various structural measures and has closed the borders to "guest workers" from outside the EEC.

Although there is pressure on the Government to review the social security system, for example, to sever the link between payments and the development of wages (900,000 of the working population of 4.8m do not contribute to the GNP), it has refrained from doing so. But politicians consider it inevitable that something will eventually have to be done about towering expenses, before the income from natural gas exports start to decline in the latter part of this decade, for example.

Trade unionists say they prefer to discuss these matters and issues such as wage restraint, with a cabinet that includes the Labour Party.

"To break the deadlock between employers and unions, we will have to have a new cabinet. One that enjoys the confidence of the unions, but not too much so that the entrepreneurs flee the country," a Left-wing weekly commented.

هكذا من الأصل

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THE NETHERLANDS VI

Dutch salesmen are making determined advances

EXPORTS

PETER BRUCE

MANY COUNTRIES would gladly trade their problems for those of the Netherlands, a leading Dutch banker said earlier this year. Certainly exporters must have looked on with envy and admiration as the Netherlands coolly went about persuading customers in Belgium, France, Italy, Switzerland and West Germany to throw away ten-year-old contracts for the supply of natural gas and sign new ones linking the price closer to that of oil.

This topped up gas earnings by some 14 per cent. On exports of 49.2m cubic metres last year, the renegotiation would add approximately Fl 2bn (£410m) to the performance of the country's most valuable foreign exchange earner.

Long before the old gas contracts were being shredded, however, the Dutch had been working on a new energy policy which would conserve their gas. The new contracts will not be renewed when they expire in the next decade. The Netherlands, "a semi-OPEC country," according to Mr. Dries Van Agt, the Prime Minister, could become a net importer of industrial energy.

Now the country appears to be searching for early opportunities to offset the loss of gas earnings with a remarkable degree of public-consensus.

The loss of a principal export earner arguably has more serious consequences for a country such as the Netherlands than for its EEC partners. In a sense, the Dutch have to export to live. Last year export earnings equalled 53 per cent of a gross national product worth Fl 298bn.

Consumption at home shows "hardly any" volume growth this year, according to the Government, and domestic industrial and commercial investment is forecast to fall by 4 per cent for next year "assuming a slight recovery," export earnings (and imports) could rise a further 10 per cent this year against GNP and, say Government projections, could equal about 82 per cent of GNP in 1981, when the effect of the gas price rise levels off.

In price terms, that is all very well until the Dutch stop gas exports in the 1990s. By then the country will have to find a way of earning an extra Fl 14bn-Fl 15bn a year, as well as coping with the distorted relationship between export prices and volumes.

Export earnings are forecast by the Government to rise from Fl 170.25bn last year to Fl 223.75bn at the end of next year—an increase prodded by the new gas contracts, of some 24 per cent—but export volume will have risen by only 5 per cent in the three years.

"It is more realistic to speak about volume instead of prices," says Mr. Philip Noordwal, international affairs director at the Federation of Netherlands Industry (VNO), the Dutch equivalent of the Confederation of British Industry.

He expects export volume to rise by 2-3 per cent this year, "if we are lucky," against value increases of about 17 per cent in the first nine months.

The deputy director of foreign economic relations at the Economic Affairs Ministry at The Hague, Mr. B. J. M. Baron van Voorst tot Voorst, says that while the new gas contract prices "may help us through the early years they may bring us problems later when the volume of our gas exports decreases."

Political issue

The urgency surrounding the future of exports also has important political overtones. The Dutch social security system, one of the most extravagant in Europe, is supported chiefly by gas earnings. The threat to it has encouraged politicians of most shades to take an interest in export promotion.

Gas earnings will have to be replaced by endeavour—there are no more "miracle" resources—and the Netherlands will most likely spend the next 10 years looking for new markets.

Europe is by far its most profitable market at present. Figures for the first six months of the year show that nearly 83 per cent of Dutch exports never left the continent. Of a total export value of Fl 62bn, 30.2 per cent went to neighbouring West Germany and 15.1 to Belgium.

The figures demonstrate how much of the world market remains unexploited by Dutch exporters.

Eastern Europe took 2 per cent of Dutch exports, Africa 4 per cent, the U.S. 2.2 per cent (a drop from 2.9 per cent in the same period last year), the rest of the Americas 1.6 per cent, Asia 5.9 per cent and Australasia, 0.4 per cent.

Hidden among those low percentages, however, are signs that Dutch salesmen are beginning to make determined advances. In Africa, exports to Nigeria rose by 74.2 per cent to more than Fl 1bn and by nearly 35 per cent to Algeria.

Sales to Iran rose by 181.6 per cent, although to the relatively modest total of Fl 428m. In Indonesia, they rose by 170 per cent.

Dutch export planners are watching closely the chemical industry, whose exports in the first half rose by 20.1 per cent to Fl 11.8bn. This was after an equally encouraging rise of 29 per cent (to Fl 20.7bn) last year—a volume increase of 10 per cent.

The export outlook for the shipyards is only slightly less black than a year ago. The Government has come down heavily on unprofitable yards, admitting that the Fl 2.2bn spent on aid in the last five years has had little effect.

Aid for 1980 is limited to Fl 100m, mainly for the small and medium-size yards on which the industry is pinning its hopes. By this year shipyards had shed 45 per cent of their 1977 capacity when export orders totalled some Fl 2.5bn.

The Government had to step in with Fl 30m to prop up the textile industry, where output has fallen more sharply than in the rest of the EEC.

Much of the first half expansion in the five biggest export sectors—gas and energy related products, chemicals, food and consumer goods, machinery and electricals, and iron and steel—was due to a buoyant first quarter.

The drop in sales since then has continued. The Central Planning Bureau's Macro Economic Outlook, published in September, wraps in a blanket of qualifications, its projected export growth of 2 per cent next year.

But exporters, however serious their present problems, are being backed up by unprecedented private and public interest in their future.

The public commitment to export expansion rests most heavily on subsidies. In 1976 the Government set up a "matching fund" to help exporters to keep pace with cheap export financing that competitors, with help from their governments, were able to offer potential customers.

The matching fund is effectively a subsidy, although spokesmen in industry and Government insist it is not. "The matching fund is there to neutralise the effect of subsidies in other countries," says Mr. van Voorst at the Economic Affairs Ministry.

Demand for the fund has been so high this year that by July two thirds of the Fl 1??m allocated had been drawn down. In 1979, by comparison, only Fl 41m was used.

The Government at times has provided low-preference loans to companies, most of which are repayable as royalties on sales—as in the case of the aircraft company, Fokker and its light transport venture, the F27.

Leading role

The authorities have also begun to play a leading role in export promotion. Earlier this year a Government-funded floating trade fair to the Far East proved so successful, that another, Expo II, is planned for the near future.

In September, only pressure from the EEC Commission forced the Dutch Government to withdraw a plan to subsidise "export managers" in small companies. The subsidy would have been modest—less than Fl 1m was budgeted—but the attempt demonstrated Government sensitivity to calls that it smooth the way as far as possible for exporters.

Industry, while having no quarrel with the matching fund, is determined that Government export assistance should not be too abundant. "Incentives must be temporary," says the VNO.

Industrial think-tanks such as the VNO are looking to the future growth to smaller concerns, those not involved in exporting or only marginally. Export specialists have been installed in the regional chambers of commerce and there are plans to establish about half-a-dozen management training centres in the regions in the next few years.

The need is obvious. The number of exporting companies has grown hardly at all in the last few years. Latest figures show that 65 per cent of export activity is concentrated in only 109 companies.

Slump indicators remain overwhelming

SHIPBUILDING

PETER BRUCE

OFFICIAL POLICY commissions have been looking at "problems" in Dutch shipbuilding for 15 years. In spite of the most elaborate restructuring of the industry in 1977, it has continued to lose money.

The Government has pumped some Fl.1bn (£205m) into the industry since the restructuring when there was talk of an improvement in the market. This October it finally gave up. Mr. Gijs Ardenne, the Economics Minister, announced that only Fl.100m would be made available this year.

It was hoped in The Hague that the restructuring would reduce shipbuilding activity to about 70 per cent of its 1975 levels. "Anything higher," the policy plans said, "would be unrealistic in the circumstances. Anything lower than 50 per cent would be a disaster but should not be ruled out."

After three years of support "disaster" has ceased to be a consideration in some areas of shipbuilding. In October the now aid provisions virtually eliminated a number of major yards.

When the Government effectively dismantled the giant of Dutch shipbuilding, Rijn-Schelde-Verolme (RSV), in 1978-79 it took responsibility for RSV's most shaky operations. These should have begun to function this year as the Rotterdamse Offshore en Scheepsbouw Combinatie (ROS).

Because of continuing losses at ROS operations—VDSM, Verolme Machinefabriek Ijsselmonde and Gusto Engineering among them—the Government decided to cut all aid. ROS losses last year totalled Fl135m—Fl65m more than expected.

Mr. Ardenne said in October that activity in the big ship sector had been reduced to nil. A number of the yards, however, are involved in naval contracts which the authorities do not deal with under normal shipbuilding policy.

The new policy conforms closely to the Government's inclinations for making aid available to sectors, rather than individual stragglers. The Fl 100m this year will go chiefly to medium-size, marine (naval) and many of the small (and often healthy) private yards in the north. The specialist yards, which build mainly dredgers and offshore equipment, also qualify for aid.

The Government still has to make up its mind on an aid structure for next year. Yards this year will have been eligible for support of up to 10 per cent of the value of "eligible" orders placed in the last three years.

One sign of the new concentration on small and medium-size shipping is that for an order to be "eligible," the vessel must be not more than 130 metres long, sea going, and cost between Fl 5m and Fl 30m.

Decline

Some commentators are now beginning to speak of signs of recovery, but slump indicators remain overwhelming. Annual turnover of the industry at the start of the year, according to Cebosine, the Netherlands Association of Shipbuilders, was Fl 3.9bn, compared with Fl 4.2bn at the end of 1978, Fl 4.9bn at the end of 1977 and Fl 5.2bn at the end of 1976.

At the end of last September, orders totalled 294,590 gross tonnes. This was up from 209,888 gross tonnes at the beginning of the year, but well down from the 348,676 gross tonnes at the beginning of 1979 and 534,839 gross tonnes at the beginning of 1978.

There are individual signs of encouragement however. Van der Giessen-de Noord reported an improved order book in the middle of the year, although Government aid will probably have to nudge the company into profit for the year. IHC Holland, which makes dredgers, says it has enough on the hook to keep it busy well into 1981.

Last month Mr. P. J. Hopkes, a Cebosine director, intimated that the signs of slowing decline were, possibly, concrete. The industry would have to wait, however, until 1985, when he and some forecasters believe the orders will begin to pick up again.

Harbour workers demonstrating at Rotterdam over a pay claim

One man who does not agree with that time scale is Mr. David Rijkse, a trade union representative on the Shipbuilding Policy Commission, which carries out Government policy in the industry.

"I think we will still move down a few steps," he was reported to have said in response to the Cebosine view. "The traffic in international trade shows no signs of improvement at the moment, almost the opposite.

"For shipbuilding that means any recovery would have to be postponed and that we will have to fall even further. The position of Dutch shipbuilding is worse than in the rest of the European community and the sad thing is that we have spent more time on restructuring."

The unions have watched 16,000 jobs disappear since 1975, but some yards now say they cannot find enough experienced labour for new orders.

"Some shipbuilders are just waiting to spring on production personnel," an influential financial journal reported in May. Some employers talk of workers "vanishing without a trace" and depend on recruiting redundant workers from the larger yards as they close. Probably about 10,000 workers have left the industry since losing their jobs, moving to different sectors or remaining unemployed.

Many of the "vanished" workers might be enticed back to the smaller "yards of the future," provided there are clear signs that the Government intends stabilising its commitment to the industry. This means the authorities are going to have to double aid to Fl 200m a year until the end of 1985.

There may be disagreements over the market positions in 1985, but it seems to be policy committee consensus that the industry will need about Fl 1bn from the Government in the next five years.

A deceptive calm in the long-term policy debate

ENERGY

PETER BRUCE

A CURIOUS calm has replaced what was, even a year ago, the hubbub over the Netherlands' energy programe for the next 20 years. Anti-nuclear groups still make sporadic forays into the limelight, warning of the dangers of Government proposals to build more nuclear power plants. But pre-election manifestoes from both main political parties make any decision on the plants a virtual impossibility for the next four years.

The much-heralded "public debate"—the Dutch substitute for a referendum, which promised heated debate on only the introduction of nuclear power—is being nudged by the Government into a discussion of the future of Dutch energy as a whole.

The calm, however, is as deceptive as the eye of a storm for the energy programme planned for the Netherlands is so sweeping that, if implemented, its effects will touch on the lives and jobs of the entire population. By the year 2000 the programme will have cost, according to Economics Ministry officials, Fl 60bn (£12bn), by which time the country will have lost annual sales of natural gas worth around Fl 12bn at 1980 prices when gas exports contracts expire in the next decade. The contracts will not be renewed.

Discovery

The Dutch energy story broke in 1959 with the discovery of the biggest on-shore gas field in the world at Slochteren, near Groningen in the north of the country. This and other finds have, according to a number of official estimates, raised the Netherlands' proven and probable recoverable reserves to 2,030bn cubic metres. Without taking Dutch North Sea sector natural gas finds into consideration, the gas reserves, in 1976, were nearly half the European total.

Slochteren radically altered the Netherlands' energy usage. In 1958 public power stations were burning 87 per cent coal, 10 per cent oil and 3 per cent gas. By 1967, coal usage in electricity generation had fallen to about 45 per cent, oil had risen to about 38 per cent and gas had begun to make its impact, as utilities completed conversion, with 15 per cent.

By 1975, a record year following the oil crisis, the gas share in electricity generation had risen to around 87 per cent, with coal down to 2 per cent, oil about 5 per cent and some nuclear power for the remaining 6 per cent.

Largely due to the onset of fears about running down what are officially believed to be scarce gas resources the gas share in electricity production had shrunk to about 50 per cent by the end of last year, with oil taking up most of the slack. Coal usage remained low at about 5 per cent and nuclear power's share has remained static in the absence of any decision on the building of new plants.

The Government has decided to conserve gas as far as possible and by the end of the century electricity production, as planned, should be 40 per cent coal based, according to the Economics Ministry, which is guiding the energy proposals. Coal should then account for 20 per cent of energy production. With the rapid run down of Dutch coal mining following the Slochteren find the Netherlands, "a semi-OPEC country," according to Premier Dries van Agt, is now on the verge of becoming a net importer of energy raw materials.

There is debate about re-opening coal mines in the country, but energy officials do not see this as viable for at least 15 years.

Besides an expected rise in Dutch coal consumption from 1.5m tonnes now to about 26m tonnes by the end of the century, the Government has also backed the construction of a liquified natural gas terminal at Eemshaven, in Groningen province. Planners say Eemshaven should be able to process LNG at a rate of 13,000 cubic metres an hour.

But even though coal is projected to meet about 20 per cent of total Dutch energy consumption by 2000 a potentially volatile question mark hangs over how the rest of the gas gap is to be filled.

"It is not possible that a strong coal programme can solve the problem," an energy official said in The Hague. "There must be an alternative. The 'real' alternatives are probably solar power, wind and wave power but we think they are not a real option for the year 2,000 except for a maximum of about 5 per cent of our needs."

This leaves the nuclear alternative looking increasingly like a probability. Until the country makes up its mind about the construction of three proposed 1,000 megawatt plants the burden is going to fall to oil, however.

Over the next five years, oil imports for domestic consumption could rise more than 30 per cent as industry and power plants switch from gas to oil and while coal rebuilds its role in energy production. While Economics Ministry officials talk of the country having to decide between 1983 and 1990 just what energy "mix" to settle on there is very little sign of movement on a nuclear decision.

The opposition Labour party (forecast to lead the Government after next year's general election) has declared itself totally opposed to nuclear power and the ruling Christian Democrats have agreed not to move on the matter during the period the next Government is in power.

This may all be electioneering, but it stretches dangerously the time Dutch planners will have available to correct any energy imbalances. The conservation of gas is "irreversible" officials say, but if there are no decisions on nuclear power the country may find itself having to import greater quantities of coal and oil into the next decade—well beyond its expectations (in the late 1950s official thinking was that as much as 35 per cent of domestic energy consumption would be supplied by nuclear power by now).

Already, the authorities are beginning to set off energy costs for the next 20 years against declining economic performance. While the "public debate" was due to take place against a background of two economic scenarios—a high economic growth of 3 per cent a year and a low of 2 per cent—the Economics Ministry has now asked the Central Planning Bureau to map out probabilities for 1 per cent growth and zero growth.

The public debate, due to take place over two years, should already have begun. There have, however, been no takers for leadership of the steering committee scheduled to present the facts to the public and collate the results.

Meanwhile, the Government convinced nuclear environmental problems can be overcome in the next 10 years, appears to be trying to divert the focus of the public debate from nuclear power on to energy in general—probably in the hope that presented as an overall picture, the country's energy future will be seen strongly dependent on nuclear power if gas is to be conserved and oil imports cut.

Vital issue

A memorandum, published earlier this year, as the last of three in which the Government has put its case for a coal/nuclear energy programme up to the next century says that it is "of the greatest importance" that (public) decision-making about nuclear power takes place with the overall energy programme in mind.

Gas conservation has been the least controversial aspect of the energy programme so far. There are, however, signs that the prevailing consensus on conservation may come under pressure. According to some commentators, Mr. Joop den Uyl, former Prime Minister and leader of the Labour Party whose Government first mooted large scale conservation in the mid-seventies, is having second thoughts.

Probably the most controversial critic of Dutch energy plans is a 49-year-old Englishman, Prof. Peter Odell, who teaches economics at Rotterdam's Erasmus University.

Prof. Odell has consistently attacked conservation of Dutch gas reserves, which, he argues, are higher than officially stated. Last year he slated official figures for off-shore gas production as "ludicrously low" considering the number of fields and discoveries in the Dutch sector of the North Sea.

"We find a government policy," he said on another occasion, "which is seeking to substitute the use of natural gas—the only source of energy of which we have large amounts by world standards—by the use of other energy sources.

"This even includes a deliberately increased use of oil in spite of the fact that the Government argues elsewhere that oil is in actual and potential short supply. It also visualises the increased use of coal which will also have to be brought in from half a world away."

Energy spokesmen remain calm in the face of these criticisms. Odell says Dutch gas reserves are being underestimated.

"Perhaps he is right," one official said. "I hope he is right, but it's easy for him to say. He does not have to make policy."

Squatters' protests highlight serious problem

HOUSING

CHARLES BATCHELOR

VIOLENT squatters' protests in Amsterdam in the past few months rudely awakened the Dutch to the seriousness of their housing problem. A climax was reached during the investiture of Queen Beatrix in April. Thousands of riot police were needed to keep a stone-throwing mob away from the royal palace in the city centre.

The existence of a serious housing problem in the Netherlands comes as a surprise to the non-Dutch observer. The country is among the wealthiest in Western Europe and has a social security system with few equals.

In the mid-1970s the authorities were claiming that the worst of the post-war housing shortage had been solved. A more sober view now prevails.

The rate of housing starts has been slowing, but the past five years have seen an active housebuilding policy. While the population increased by 3.6 per cent to just over 14m in the second half of the 1970s, the housing stock increased by a net 11 per cent to 4.75m.

The increase in housing more than kept up with the rise in population but did not match the increase in demand for homes. The "bulge" generation of the 1950s came on to the housing market, young people left home earlier, the divorce rate increased and people began demanding larger and better quality accommodation.

The Housing Ministry puts the housing shortage at about 109,000 dwellings. Total demand is for 4.84m homes, including a buffer stock of 115,000 which are empty but deemed necessary for the smooth functioning of the housing market. Against this 4.75m are available, although 15,000 are second homes.

If the shortage appears small, it takes no account of sharp regional differences or of the poor quality of many homes. Zeeland province has a slight surplus of housing, but Amsterdam has a shortage of 15,300 homes, the Rotterdam area 8,400 and Utrecht 6,900.

Even these figures underestimate the true housing need. Many people who, according to official statistics, are adequately housed, would move if they could.

Amsterdam, despite strict controls on the numbers who can register on the municipal housing list, has 53,000 people in urgent need of accommodation. This figure is inflated by people registering in more than one district, but is alarmingly high in a city with 300,000 dwellings and a population of 738,000.

In spite of the Netherlands' high standard of living, home ownership is fairly low by international comparison. Only 43 per cent of the housing stock belongs to owner-occupiers. The rest is rented, mainly from non-profitmaking housing corporations which own 29 per cent of housing, from councils with 11 per cent and from individuals or private organisations with 16 per cent.

Home ownership is still relatively low although it has grown strongly in recent years. In 1975 39 per cent of homes belonged to the occupier. The increase has been matched by a fall in the amount of privately-rented property.

Rent controls

A main reason for the popularity of renting is its cheapness. Controls on rents, particularly in older dwellings, have held them unrealistically low.

"Immediately after the war, the Netherlands opted for a low-wage policy to rebuild the economy. This was accompanied by a low rent policy. Wage have since gone up, but we have kept to the policy of cheap rents," says Mr. Cees de Cler, deputy inspector general at the Housing Ministry.

A political debate is going on about whether rents should be related to the cost of building and maintaining property or to incomes. Until now, the Parliament has set an annual maximum rent increase based on the general price index.

Many people have come to expect low rents and adjusted their spending accordingly. All accept that they will pay the market rate for their summer holiday or washing machine, but protest at every extra guilder in rent, said the building industry employers.

Rent controls have led to anomalies. Rents are established closer to realistic levels for new property, creating a wide discrepancy with older housing. So people are reluctant to leave older property or to allow their home to be modernised and face sharply higher rents. This immobility prevents the cheaper housing being freed for those in need.

A recent survey revealed that half of the renting population paid out less than 11 per cent of their net incomes, or Fl 203 (£41) a month. A quarter paid less than Fl 150. Set against this, many people on the minimum wage or social security were paying higher percentages and 400,000 require support grants.

The results of the low rents is a growing need for subsidies, large deficits in council and housing corporation budgets and a reluctance by the private investor to put money into housing. The Housing Ministry's 1981 budget totals Fl 11.3bn or 9.5 per cent of Government spending. More and more of the Ministry's budget is taken up with maintaining existing stock, leaving less for new building.

The big city centres have been particularly affected by the imbalances. Most buildings are limited in size, difficult to reach by contractors' vehicles and on oddly-shaped sites. House building costs are therefore highest in areas where the poorest tend to live. "We shudder for the future of our large cities," says Mr. de Cler.

The squatters undoubtedly aroused councils and the Government to the extent of the housing problem, but their action has also had an adverse effect. Squatting has extended from speculatively-owned property to council and housing association dwellings. Some associations are wary of moving tenants out of property to carry out improvements because of the legal difficulties in dislodging squatters once they have moved in.

Legislation to prevent housing remaining empty for long periods and to make squatting illegal is making its way slowly and painfully through Parliament. Efforts are being made to reconcile two draft laws drawn up by the centre-right Government and by the opposition Labour Party. A law is under consideration to give councils greater power to acquire property allowed to stand empty.

Private investors have long been deterred from the public-sector housing market by the unattractive yields and Government controls linking returns to those on State bonds.

The Unilever "Progress" pension fund, which last year had less than 2 per cent of its Fl 1.6bn assets in property, criticised the distortions of the rented housing market but noted that, if conditions improved, investment in housing involved fewer uncertainties than in commercial property.

High interest rates and the sluggish economy have depressed the private sector in the past two years. Public-sector house building has also been declining. Completions fell to a five-year low of 89,000 in 1979.

The Government is putting extra money into housing programmes to increase this year's level of 106,000 dwellings to 116,000 in 1981. It expects to subsidise all but 20,000 of these homes.

THE NETHERLANDS VIII

Charles Batchelor and Michael van Os profile some of the leading politicians in the Netherlands

Dries van Agt

THE POLITICAL success story of the past three years has been the growth in the stature of Mr. Dries van Agt, the Prime Minister. Written off in advance by opponents as well as many allies, Mr. van Agt has held together his fragile Government coalition and gained increased respect for his handling of affairs.

Mr. van Agt's early expressions of dissatisfaction with the political profession and his controversial period as Minister of Justice and Deputy Prime Minister in Labour leader Joop den Uyl's administration seemed no good basis for prime ministership. The Netherlands' complicated coalition politics appeared to require a subtler approach.

Mr. van Agt remains a mystery, even to many of his closest colleagues and officials. He has a talent for surprises.

Speaking to a Dutch television interviewer accompanying him on a trip to Indonesia in May, Mr. van Agt told his countrymen and fellow politicians of his readiness to lead his party into the 1981 election.

This may have amounted to no more than a statement of the obvious, but political niceties had been flouted. The Christian Democrats will not formally name the man to head their election list until the end of January.

In October, at the height of the parliamentary debate of the Government's 1981 Budget proposals, Mr. van Agt announced that an upset stomach would prevent him from attending to answer criticisms of his policies.

For the first time in memory, the Budget debate was suspended, prompting many observers to comment on the frequently convenient nature of their Premier's indispositions.

Mr. van Agt has established strong support among voters. His use of language is frequently archaic but his style is direct, in sharp contrast to the wordiness of his socialist predecessor Mr. den Uyl.

One commentator has compared Mr. den Uyl's Protestant style — hard-working, rational, politicising all issues —with Mr. van Agt's Roman Catholic approach — putting events in perspective, depoliticising, with a tendency for symbolism and mysticism. Pointing up these contrasts has done Mr. van Agt no harm.

He was born 49 years ago in the small southern town of Geldrop, near Eindhoven. After studying law at the Catholic University of Nijmegen, he went into private practice. He joined the Ministry of Agriculture, leaving after five years for the Justice Ministry.

Mr. van Agt's refusal to compromise over land reform brought down the den Uyl Government in 1977. In the months of coalition talks which followed the subsequent election, he outmanoeuvred Mr. den Uyl to emerge as Prime Minister.

Ruud Lubbers

RUUD LUBBERS, parliamentary leader of the main Government party, the Christian Democrats, is a stayer. Passed over in favour of Mr. Dries van Agt as overall party leader in the run-up to the 1977 election, he remained in politics.

Passed over again as a Cabinet Minister, he continued to be active in Parliament when many of his contemporaries were leaving it for business.

Mr. Lubbers' determination has not gone unrewarded. Refused a second term as Economics Minister in the van Agt Cabinet, he settled for the post of deputy leader of the parliamentary party. The revelation of the unacceptable wartime record of Mr. Wim Aantjes, the parliamentary leader, propelled Mr. Lubbers into the top position in 1978.

The Dutch political system requires a party in Government to supply two leaders. A party leader who becomes Prime Minister or takes on a ministerial portfolio ceases to be an MP.

The parliamentary party then chooses a new leader. In this position be is first among equals, but occasionally is called on to act as party whip.

As Dutch Governments are always coalitions, Ministers are often required to modify their policies to reach Cabinet consensus. This can bring the Government into conflict with its backbenchers.

The past three years have seen frequent conflicts between Christian Democrat Ministers and the party's more progressive MPs. Mr. Lubbers has often been in the unenviable position of both voicing MPs' dissent and preventing that dissent from becoming open revolt which would bring down the Cabinet.

It was a politically inexperienced Mr. Lubbers who was appointed Economics Minister at the age of 34 in the Government of Labour leader Joop den Uyl in 1973.

He made a success of one of the weightier departments of Government and brought it through a period when the 1973-74 oil crisis and its aftermath put heavy strains on the economy. The Netherlands alone among European countries faced an Arab oil embargo because of its pro-Israeli stance.

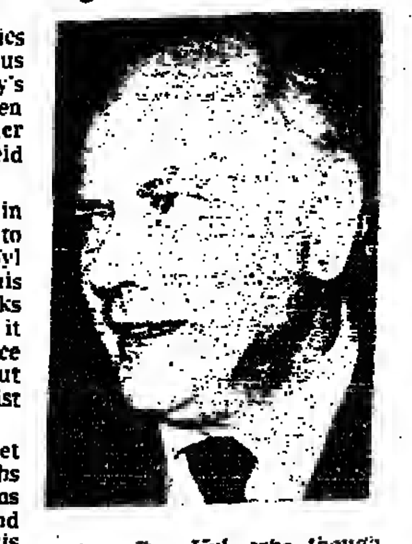
Mr. Lubbers was no newcomer to the negotiating table. His directorship of Hollandia led him to the chairmanship of the Christian Young Employers' Association, Praesidium membership of the Metal and Electrical Industry Federation and a string of other industry positions.

In spite of his employers' background and membership of the Catholic wing of the Christian Democrats, Mr. Lubbers is clearly sympathetic to the party's progressive wing. It is this moderate position which puts him—at the age of 41— clearly in the running to take over some day the party leadership and possibly the prime ministership.

Joop den Uyl

FEW PEOPLE in Dutch politics today will be more anxious about the outcome of next May's general elections than Joop den Uyl, the Parliamentary leader of the Partej van de Arbeid (Labour Party).

Will his party, the biggest in the Netherlands, return to power, and, if so, will Den Uyl again be prime minister? This is the question everyone asks today for, it is agreed that it will probably be the last chance for the controversial, but brilliant, 61-year-old Socialist intellectual.



His Left-of-centre cabinet collapsed only a few months before the May, 1977 elections over Labour's far-reaching land reform proposals, though his party's relations with its other main coalition partner, the Christian Democrats, had turned sour well before. In his four years in office, the fatherly, often sloppily dressed Den Uyl has handled successive crises—from the Arab oil embargo to Prince Bernhard and the Lockheed scandal; and numerous kidnappings and hijacks by militant young South Moluccans —with consummate political skill.

Den Uyl, a Dutch Reformer-turned-Socialist, was born in Hilversum, but has spent most of his life in Amsterdam. He wielded more than proportionate influence in his cabinet because of his dominant personality, out-shining his current political rival, Dries van Agt (then vice-premier and justice minister) in most respects.

A formidable, well-read and indefatigable debater, armed with a photographic memory, Den Uyl rarely gave up on complex cabinet problems and had a habit of continuing discussions until the early hours in the morning to achieve what be wanted.

Having worked himself up from town councillor and town alderman in Amsterdam to (parliamentary) party leader, economics minister and finally to the premiership, Den Uyl (a former journalist and long-time director of his party's scientific bureau) had more political experience than most of those around him—and he put it to good use.

As a trained economist, he enjoyed a clear advantage over van Agt, during the years when the economic recession was the main issue. On socio-economic matters, Den Uyl—who though never ignoring foreign politics always felt more at ease with domestic issues—was also at his most controversial. Aided by a majority of Labour and Leftward-leaning Christian Democratic ministers in his cabinet, Den Uyl pushed ahead with a policy of drastic incomes levelling and put in process a number of social reforms which were viewed with horror by private industry. It was felt that Den Uyl (who, with the country's immense natural gas riches at his disposal) had also yielded too much to the more radical elements in his party which argued that the only way to combat unemployment which doubled during his premiership —was a major increase in public spending.

Despite high employment at the time, Den Uyl's party recorded its biggest-ever victory in the 1977 elections and emerged as the largest single party, commanding 53 seats in Parliament, a jump of 10. The Christian Democrats, led by van Agt, advanced by only one seat to 49.

But the man who was so clearly head and shoulders above any other candidate for the premiership in the new Government, eventually found himself in the unwanted role of the Leader of the Opposition. After many months of haggling with the Christian Democrats over a new Government programme, the distribution of ministerial portfolios and, finally, over the names of the ministers, talks finally collapsed and Dries van Agt foisted himself to the premiership in a new coalition with the much smaller Right wing VVD Liberal Party.

Jan Terlouw

JAN TERLOUW, leader of the small "Progressive Liberal" Democrats 66 Party, has presided over a remarkable recovery of its fortunes in the past five years.

Under the youthful-looking Mr. Terlouw's leadership, support has been increasing rapidly and the latest polls indicate it could grow from eight to more than 20 Parliamentary seats after next May's elections.

If the polls turn out to be correct, this would rid D'66 of its "small party" image and put it on a par with the Liberals who currently have 28 seats.

Mr. Terlouw went into national politics in 1971 when he became one of his party's 11 MPs. Two years later he took over the party leadership.

A physicist by training, he had spent the previous 13 years engaged to research into nuclear fusion in the Netherlands, the U.S. and Sweden.

Tiring of research, he cast about for something new. He joined the newly-founded D'66 party and, among other activities, he started writing children's books. Both ventures have succeeded remarkably well. His second and third books gained the "Best Book of the Year" prize in 1972 and 1973, and have been translated in many languages. However, political activities now leave little time for writing.

D'66 — so named after the year of its founding — was set up to provide a progressive alternative to the Labour Party on the Left of the political spectrum. The party stresses the role of the individual and freedom of decision and is critical of what it sees as Labour's strong, paternal socialistic grip.

The party learnt to its cost the need to make a firm distinction between itself and its large Left wing rival. In the early 1970s, it established informal links with Labour and with the Radical Party. A decline set in and, in 1974, the Party Congress voted over whether it should dissolve itself. However, those in favour of dissolution were unable to win a large-enough majority.

Mr. Terlouw was himself keen to give up the party chairmanship at that point, but agreed to stay if the party could sign on a symbolic extra 1,666 members and collect 66,000 signatures from people who believed that D'66 should continue in existence. Both targets were reached and in the subsequent election of 1977 the party gained an extra two Parliamentary seats, giving it eight MPs. Earlier polls had suggested that it would be reduced to only one seat.

Now aged 49, Mr. Terlouw is potentially one of the key figures in the coalition negotiations which will follow next year's election. D'66 is keen that the voter should know what sort of coalition his party would support if it does well in the election and it is so far the only party to have made a firm, if limited, statement of its intentions.

Mr. Terlouw has ruled out D'66 coming to the aid of the existing Centre Right Coalition of Liberals and Christian Democrats should it lose its Parliamentary majority, though it would consider working with each party, individually.

The party is frequently reproached that its idealism is woolly and has yet to be tested by real power in government. If the polls prove to be correct, Mr. Terlouw may have the chance, finally, to prove the doubters wrong.

Hans Wiegel

FOR HANS WIEGEL, (39), the youthful Vice Premier and Minister of Domestic Affairs in the current coalition, it must be hard to accept that his party, the VVD Liberals, has gradually lost favour with the electorate since it came to power three years ago.

Hans Wiegel, it seems, is only used to success. His short political career has so far been characterised by brilliant progress. Wiegel's move to the Cabinet from the day-to-day politics as Parliamentary Leader of the VVD, the country'a third largest political party, has removed a major vote-catcher from the scene and no one in the party has managed to step into Wiegel's position.

The success story of Wiegel —very easy-going, always immaculately dressed in a three-piece suit, and occasionally puffing a cigar—is one of a stormy career, unparalleled in Dutch politics. Having studied political and social sciences in Amsterdam—a study he did not complete—Wiegel joined the VVD's youth branch in 1961, and rose to become national chairman within four years. He took up a seat in Parliament in 1967, and four years later he became his party's —and Dutch politics'— youngest-ever parliamentary leader. Then, as a very early crown on his career, Wiegel became Vice Premier in December, 1977.

In Parliament, he has gained such popularity as a fierce, unrepentant opponent of Socialist leader, Joop den Uyl and his policies. Den Uyl still calls Wiegel a "great stimulator of his party," and a "very clever politician." As a consequence of his campaign, Wiegel moved his party to the Right, away from its traditional liberal principles.

During the elections of May, 1977, his tough stance proved to have borne fruit. For the VVD recorded an impressive gain, moving up from 22 to 28 seats. Some of the issues that Weigel fought the election with were well-known conservative themes, such as the rundown of defence, the abuse of the "social welfare state," which had removed the incentive to work, rising criminality in the big cities and the Sate's bigger grip on the national economy.

Political observers attribute the VVD's waning popularity largely to the many compromises it has been forced to make as a junior partner within the Cabinet. Wiegel's widely advocated spending cuts to create more room for the private sector, for example, have been severely watered down and the VVD has suffered a whole range of major and minor defeats which its rank and file has not taken to very kindly.

The now defunct Dutch weekly magazine, "Nieuws Net" revealed, in September, that a majority within the VVD Parliamentary Party had tried in vain to convince the VVD ministers to withdraw from the Cabinet once it had become apparent from the 1981 budget proposals that many a compromise had again been made.

Hans Wiegel suffered a terrible blow in his private life in early November when his 26-year-old wife died in a car crash; soon afterwards his longtime political doyenne in the VVD party, first chamber-member, Mrs. Haya van Somuren-Downer, passed away.

In May's elections, Hans Wiegel will again be leading his party for Koos Rietkerk, his none-too-successful and somewhat colourless successor in Parliament has indicated that he is in for another job. The youthful Wiegel, who never fails to inform the press that he still has "a whole career" in front of him, certainly considers himself capable enough to lead the country for the coming four years or more.

35. 10. 1981

Clothing sector has been badly hit

TEXTILE INDUSTRY

MICHAEL VAN OS

SOME eight years ago Mr. Jan Pronk—later to become a Minister for Overseas Development in the Den Uyl Government—held controversial views about the future of two Dutch labour-intensive industries, shipbuilding and textiles. These could better be transferred to the Third World, he thought.

Mr. Pronk, a socialist who now has a top job with Unctad, felt it was an inevitable development and a good way to stimulate employment there. He was sharply criticised by the unions, who wondered where alternative employment would come from.

Mr. Pronk has amended his views since, but it is clear that there is not all that much left in the Netherlands in shipbuilding or textile manufacturing.

Particularly badly hit have been textiles and ready-made clothing industries concentrated in areas like the east, where unemployment traditionally has been high. Some 50,000 people are still employed in these sectors, but more than 100,000 jobs were lost from 1968-78.

The number is still rising rapidly. In the past month several ready-made clothing manufacturers have announced big staff cuts. For example, Macintosh, located in Limburg province where unemployment is high, is reducing staff by a further 950.

The unions have jumped at the chance of joining the European stoppage on December 2 to protest at the lack of measures by the European Commission to prevent cheap imports from wiping out the textile sector.

The Dutch Government's economic advisory institute, the CPB, forecasts a further decline in home sales because of the modest growth in consumer spending and continued penetration of imports, principally from OECD countries.

It expects clothing exports to decline further and textile exports to grow hardly at all. "A further decline in employment by an average 5 per cent per year to the years to 1985 is likely," the institute said.

Since publishing its remarks, the situation has worsened in line with economic developments.

With the latest clothing industry closures, the unions have called for a meeting with parliamentarians to stress "that if the industry would be allowed to be wiped out by the Government, it should take place in a socially acceptable manner."

The Economics Ministry tends to agree that there is hardly a future for clothing manufacturing in the high-cost Netherlands, but still has hopes for textiles. It blames cyclical reasons partly for the slump.

Discussion has centred for some time on whether a "strategic minimum" of production capacity—and thus employment—should be maintained so orders can be picked up as conditions improve. The Ministry has refrained from indicating what that minimum would be and how it would be maintained.

Industry's task

Any suggestion that this would require maintaining companies with permanent financial support or protective measures is rejected. "Fixing such a survival strategy should primarily be the task of the industry itself. The state is prepared to play a supporting and stimulating role," the Ministry says.

Mr. P. Roef, the director of the Velp-based textile producers' association Vereniging KRL, says the Government's general policy towards industry is characterised by strong liberalism and great integrity when it comes to applying international rules and regulations. "The textile industry could respect this if other EEC countries had the same attitude. But they do not."

The major union in the textile and clothing industries, the Industriebond FNV, concedes: "The Government has been forced to play a role of diminishing importance in this sector, since the EEC and international trade agreements destine policies to an important extent."

Besides pressing with the employers for more State support for innovative development in the industry and for improved export and marketing efforts, the union urges the Government to "distribute employment." It wants financial subsidies for experiments with reduced working hours.

Both employers and unions want the Multi-Fibre Agreement to continue after 1981, but urge tighter controls and, the union adds, it should include rules "ensuring that the living conditions of the people in the exporting countries really improve."

Mr. G. Beyer, chairman of Macintosh, and Mr. Rolf point to the high wage costs in the Netherlands compared with levels in competing European countries, the small home market and trading companies can have clothing made, for example, in Mediterranean countries and then import it into the Netherlands. "That activity is preserved for the industry itself in other countries and that is what it should be here," they say.

Macintosh, which has activities in several European countries, feels there is a future in the Netherlands only for high-quality products. Diversification too should be stimulated.

There is considerable envy at the recently announced plans by the Government in Belgium—where some 100,000 are employed in the textile and clothing sectors—to spend more than Fl 2bn (£410m) in the next five years on textile subsidies. The move has been criticised by producers in Germany and France.

Mr. Roef scoffs at the amount of Dutch aid — Fl 25.6m for rayon and linen and Fl 4.4m for wool—for 1980-81.

One of the stimulative measures also announced in August—a subsidy on the salary and costs of an export promoter of up to Fl 60,000 in the first 12 months of his employment—had to be dropped after complaints by the European Commission.

Unions and employers feel that minimum production levels have been reached after the drastic reorganisation of the past three years. This included merging and streamlining companies with similar activities.

"Despite all these reorganisations, the development of business has not been any good so far this year," says Mr. Roef. "This means that the companies which have survived this process should now be stimulated."

The KRL wants the Government to arrange an analysis by an independent study group similar to that carried out in Belgium. It should identify the viable textile activities, which should then be stimulated. The plan has the backing of the Economic Institute for the Clothing Industry.

Urbane image hides problems

THE HAGUE

CHARLES BATCHELOR

THE HAGUE, with its extensive parks and its large complement of Government officials and diplomats, is the most urbane of the large Dutch cities. The "writing desk of the Netherlands" appears, at first sight, to have been spared the worst problems of urban renewal which face crowded Amsterdam or the re-built Rotterdam.

The elegant town villas which make up much of its housing stock and the broad vistas of the bathing resort of Scheveningen create an impression of relaxed well-being which is unique in the Netherlands.

It is precisely this comfortable image of the country's third largest city which has obscured and even aggravated some of its pressing economic and social problems. In the view of many officials, policies aimed at dispersing Government services to the depressed areas of the eastern Netherlands are weakening the economy of The Hague region now that the national economy has begun to flag. And while much of the city's housing is of high quality, inner areas such as the Schilderswijk display the worst symptoms of urban decay.

Early days

The present city of The Hague, with its 457,000 inhabitants, owes its existence to the decision by Willem II, count of Holland, to build a hunting lodge among the wooded North Sea dunes in 1248. Chose subsequently as the seat of Parliament for the United Provinces of the Netherlands "Die Haghe" was for long denied municipal rights to avoid arousing the envy of the province's other powerful cities.

To this day, Amsterdam, 30 miles to the north, has remained the capital of the Netherlands, while Rotterdam, 10 miles to the south, has become the country's major centre of trade. The presence of Parliament and the Government in The Hague has attracted the headquarters of many companies providing goods and services to the public sector.

The Netherlands' new Queen, Beatrix, and her family have decided to return to the city to live and work in a pair of restored palaces. The arrival of royalty is expected to give an additional allure to the city.

Former Queen Juliana's preference for the rural calm of Soestdijk palace near Hilversum has for many years meant that The Hague could not fulfil its role of "the residence."

Alongside the many organisations of purely national significance which have established themselves in The Hague, the city also hosts a number of supra-national institutions. The International Court of Justice, the supreme legal body of the United Nations, meets in the imposing Peace palace, built with money provided by Andrew Carnegie, the American steel magnate.

The Hague is now lobbying hard to be chosen as the site of the proposed European trademark bureau. This would be the first EEC institution to be based in the Netherlands, the Dutch Government argues. Since The Hague is already the centre for the registration of Dutch and Benelux patents the city feels it has a strong claim to the new bureau.

The "white collar" character of the city is clearly shown by the employment statistics. Industry accounts for only 18,500 of its 198,200 jobs compared with 37,500 in the private service sector and 77,600 in the public service sector.

Industrial employment is declining in line with the overall fall in the number of jobs in the city, while the service sectors have been growing.

The total job market has shrunk by nearly 13 per cent since 1970, reflecting a 34 per cent fall in industrial employment, a five per cent increase in the private service sector and a 10 per cent rise in Government and other public services. The city now hopes that an increase in office jobs will compensate for the decline of industry and stabilise the overall level of employment.

Population

The total population of The Hague has fallen by 17 per cent from 551,000, over the past decade, to its present level. In the same period, Greater The Hague — including Leidschendam, Nootdorp, Rijswijk, Voorburg and Zoetermeer—have declined by six per cent to 654,000. The de-population of the central area has been matched by a slight increase in the suburban communities and by a massive rise of 140 per cent to 41,000—in the new dormitory town of Zoetermeer.

The rapid growth of Zoetermeer is of increasing concern to the town planners in The Hague. Not content with its dormitory status the new city, 10 miles to the east of the "residence" is now trying to attract industry and offices. A major blow to The Hague's magnet function has been the decision by two Ministries—Housing and Education—to move to the new town.

Government efforts to move many senior post office jobs to Groningen in the north-east of the country are opposed by both the post office staffs and by The Hague. The city accepts that new Government jobs should be created in the provinces but wants existing offices to stay.

Attempts to solve the city's problems on a regional basis have met with little success. The district council set up to represent The Hague and its five satellite communities has not functioned well and may eventually be dissolved.

For example, The Hague's idea of siting a lorry park in Rijswijk to keep heavy traffic out of the town centre has met with little enthusiasm in Rijswijk itself. And while The Hague is jealous of its role as the most important shopping centre in the region, Zoetermeer is keen to build a shopping complex of 40,000 square metres.

The composition of The Hague's town council reflects the political make-up of the Netherlands as a whole. The Labour Party is the largest single grouping with 17 of the 45 council seats but the Christian Democrats, with 13, and the Liberals, with 11, form a Centre-Right majority.

Conflicts within the executive committee have led to the departure of four of the city's aldermen within the past year. Disagreements over the policies best suited to the redevelopment of the city and to easing the housing shortage have bedevilled council debates in recent months.

Despite the decline in the city centre population, the decrease in the size of the average "family" unit has led to long housing lists. There are 30,000 home seekers in a city of 194,000 dwellings. Hemmed in by the Westland glass houses to the south and by dunes set aside for water management and nature reserves to the north, The Hague is desperate for building land. It has adopted a policy of filling in gaps in the old city and building on new sites as close to the centre as possible.

Ambitious plans have been launched to build on reclaimed land offshore, but these projects are unlikely to come to fruition before the year 2000, if at all.

Scheveningen is currently undergoing a revival as a seaside resort after falling into decay during the 1960s. The seafront Kurhaus has been largely rebuilt as a luxury hotel and now houses the Netherland's third and largest casino. The aim is to turn the town into an all-weather resort with indoor swimming pools and the nearby cultural riches of The Hague's many galleries and museums for the frequent rainy days. More than 5m visitors are expected this year compared with 3.5m in 1978.

More sponsorship from business

THE ARTS

CHARLES BATCHELOR

MODERN DUTCH painting would command a good deal more respect if a few more artists were forced to go hungry in a garret. This popular reaction to the comprehensive system of support for the arts is, to artists' consternation, finding support among the politicians.

With the need to trim budgets as the economic outlook worsens and with clear signs that some aspects of the arts policy are not working, the Government has been taking a hard look at its support.

The visual arts are not the only ones to come under scrutiny. The heavily-subsidised orchestras have been criticised frequently by leading newspapers' music critics for their cautious, unimaginative programming. Notable gaps in the support system — for chamber music ensembles and soloists—are being eagerly filled by business, which is taking up sponsorship with growing enthusiasm.

Controversial

The most controversial aspect of arts support is that for visual artists—the BKR. This was established immediately after the war to provide temporary help to allow struggling new artists to establish themselves.

It has expanded enormously and will provide about Fl 80m (£16m) this year to some 3,000 artists. Many works which the State buys from them will go into poorly-maintained storage never to be seen again.

Support under the BKR rule goes only to those who can show they are artists by profession. They must have completed a course at a recognised art college, tried to maintain themselves, be more than 25 and have insufficient income on which to live.

A criticism of the scheme is that many artists depend on it for too long with no hope of becoming independent. Much work is hastily produced to meet the scheme's minimum requirements and has little merit, it is argued.

The artists also have their reservations. Some who fail to have their work accepted by reviewing committees claim the reviewers are not qualified to judge. Others say their works are taken over by the scheme and they are unable to build up collections to exhibit.

Artists in Amsterdam last year exhibited works which had been damaged by water, damp, rats or by being dropped while in storage. A proposal by Mrs. Til Gardeniers, the Culture Minister, for local authorities to take on full responsibility for storage prompted a five-day occupation of Amsterdam's Rijksmuseum.

This plan has been shelved. The State will continue to look after half the works produced under the BKR scheme. An alternative suggestion is to allow artists to keep half the "bought" works.

Opinion differs among established artists about the scheme. Some claiming it stifles talent, others say it helps newcomers establish themselves. Karel Willink, a noted modern painter, is positive, while Karel Appel, one of the best known post-war artists, also benefited.

Another subsidy programme intended to encourage the public to buy works of art has been scrapped. Under this scheme, a Government grant met 20 per cent of the cost of a work.

Investigation showed that this scheme was being used largely by purchasers in the higher income and education groups. The aim of opening up the arts to a wider range of the population was not being achieved.

While a critical look has been taken at aspects of support, spending levels overall are being maintained. The arts budget of the Culture Ministry will increase next year in line with general Government spending. State spending on the arts this year will total about Fl 970m. This includes Fl. 475m from local authorities, Fl. 190m for art education and Fl. 80m from the Social Affairs Ministry to fund the BKR scheme.

The arts will account for just over 4 per cent of central Government spending this year. The Netherlands spends Fl. 69 per head of population on the arts.

One critic calculates that 70 per cent of the major orchestras' repertoire will consist of romantic music. Dutch modern composers rarely are given an airing, while giving separate subscription concert series of the moderns means ticket holders for the traditional series never come into contact with more recent works.

In the theatre, too, the arteries are hardening, say some critics, in spite of the revolution in the late 1960s and early 1970s when the large municipal companies in Amsterdam and Rotterdam were wound up.

Much more money went to experimental groups in the 1970s. But these have become less adventurous. Shakespeare, the classical Greek writers, Brecht and Albee dominate the programmes of companies afraid to risk unknown names, the critics argue.

Much state support for the performing arts flows through traditional channels, so growing interest among companies for sponsoring the arts is being diverted into less well supported forms.

Mr. Bert van Mourik, former general manager of the Netherlands Chamber Orchestra, is critical of the way music is supported. "The arts subsidy system is based on the immediate post-war demand for big symphony orchestras. We have no fewer than 21. More sponsorship is needed for other areas such as jazz, mime and chamber music."

More and more companies are turning to arts sponsorship to improve their image with customers. Westland-Utrecht, a large mortgage bank, has been particularly active in sponsoring young performers. Both by subsidising performances and helping finance the making of records. "With chamber music you can achieve a lot with relatively little money," says Mr. Tony Boersma, one of the bank's managing directors.

The growing interest by business has not gone unnoticed at the Culture Ministry. Mr. Jan Knopper, head of the arts directorate, has warned against private companies putting small amounts into the arts and then benefit from the far larger sums the Government provides.

Mr. Knopper is worried that business will support only the popular favourites, which attract the biggest audiences.

The signs are that business can be discriminating. The re-appraisal by Government indicates that all is not well with arts support.

The struggling artist is unlikely to end up back in a cold garret, but some flesbier parts of the system may be worked off.

Companies win new markets overseas

PUBLISHING

PETER BRUCE

WHEN A certain John Soule coined the phrase "Go West, young man" in Indiana more than a century ago, he certainly did not have Dutch publishers in mind. The advice still seems to hold, however not least for an industry that has all but saturated the market around it.

The Netherlands' biggest publishing operation, Elsevier-NDU, with a turnover of some *Fl* 1.2bn (£246m) last year, has gone West (and is still moving) with an enthusiasm and confidence Soule would have approved of.

Not content with ventures in Belgium, Spain, West Germany, Britain, the U.S., Mexico and Brazil, the group early this year issued a $20m convertible debenture to finance further U.S. expansion.

The offer circular noted that Elsevier-NDU had already bought two U.S. database companies, including the prestigious Washington-based Congressional Information Service, and (in 1975) the New York publishers, Dutton.

"It is anticipated that a major part of any future expansion will also be realised through acquisitions." The issue, the company said, was quickly snapped up.

Expansion

"We have to go abroad, that is the only way we can survive and grow," it said. About 30 per cent of Elsevier-NDU turnover, is now generated abroad and the company clearly hopes this will grow. There is "not much" room for expansion at home — the potential Dutch-speaking market is 13m in the Netherlands and about 7m in Belgium — and the country's sectoral tastes have nurtured a publishing industry whose variety seems out of proportion to the population.

Elsevier-NDU have chosen English and Spanish as their vehicles abroad. That means North and South America, with an emphasis on "neutral" information—database and business information systems, and general book publishing. Publishing journals (where the group has wide experience) is not considered outside the Netherlands, largely because of political problems newspapers might provoke.

Despite the expansive mood, though, the group's earnings fell by 23 per cent to Fl 20m in the first half of this year against the same period last year. Emphasising the importance of the home market, the company blamed the drop on falling advertising revenues, although the international book trade's general weakness was also cited.

For the first eight months newspaper advertising volume in the Netherlands was down 2.4 per cent on last year. Elsevier-NDU hopes for a pick-up in the second half as Dutch-language newspapers remain their biggest seller.

Turnover

Elsevier-NDU newspapers recorded a turnover last year of Fl 290.9m. Scientific publications, the nearest rival in the group, recorded Fl 212.9m and periodicals Fl 212.4m.

With that concentration of turnover dependent on advertising and Netherlands based, the group is bound to find subscription-funded English-language information systems (and scientific publications) increasingly attractive.

The same notion, although less spectacularly, has obviously taken root at VNU, the other big publisher. VNU turnover roughly equalled Elsevier-NDU's last year, but was concentrated chiefly in the Netherlands and Dutch-speaking Belgium.

VNU is reported to be planning to launch an encyclopaedia in the U.S. However, the group realises most business through its periodicals group (Fl. 469m last year). Activity is heavily concentrated on popular magazines for adults and children. Turnover is closely followed by that in the printing division (Fl. 424m last year) and a retail division (Fl. 421m). The company also owns regional newspapers.

The high degree of VNU integration within the Netherlands has probably rendered foreign expansion less seductive, but has not prevented the company moving into electronic media. Turnover in VNU's Business Press Group grew by 18 per cent from 1978 to Fl 58m in 1979.

VNU's magazine operation will have been affected less seriously than newspapers by the drop in advertising, largely because advertisements in magazines tend to be better insulated (by drawn-out preparation times) against the vagaries of advertising. VNU does not expect any change in profit this year. Half-year turnover, at Fl. 576m, was 8 per cent up on 1979; profit remained the same, at Fl. 23.3m.

The third biggest publisher, Kluwer, draws its strength from professional journals (chiefly financial and legal), educational and scientific material. About 80 per cent of its activities are domestic, although it has penetrated foreign markets with educational titles.

Kluwer hopes, according to some reports, for 1980 earnings to "at least" equal those of 1979. At the end of the first half, earnings had risen by 6.7 per cent (to Fl. 10.4m) compared with the same period last year—the best performance in Dutch publishing.

There is no doubt that Dutch publishers are watching closely Elsevier-NDU's expansion abroad. At a time of general economic stiffening though, the price Elsevier-NDU is paying (in profit terms) must be something of a brake on the others.

Yet it seems inevitable they will follow, perhaps along different paths. For Dutch publishers moving into new markets do so in the knowledge that the domestic market is secure and not overly attractive to outsiders.

DUTCH PUBLISHERS

Figures in Fl m showing aspects of business of the two major publishing groups in the Netherlands.

	Sales, 1978	Sales, 1979	% change
GROUP: ELSEVIER-NDU			
Scientific publications	187.3	212.9	+ 13.7
Newspapers	260.0	290.9	+ 11.9
Printing	205.8	200.7	− 2.5
Periodicals	197.9	212.4	+ 7.3
Books	183.2	168.8	− 7.9
Retailing	62.2	67.5	+ 8.5
America*	—	46.9	—
	1,096.5	1,200.1	+ 9.4
First half, 1980		636.0	+ 12.9
GROUP: VNU			
Periodicals	438.0	469.0	+ 7.0
Newspapers	145.0	154.0	+ 6.3
Industrial†	420.0	424.0	+ 0.9
Business Press Group	49.0	58.0	+ 18.9
Books	114.0	145.0	+ 26.3
Retailing	400.0	421.0	+ 5.2
	1,566.0	1,671.0	+ 6.7
First half, 1980		576.6	+ 8.0

* Operational since January, 1979.

† Chiefly setting, printing, binding and advertising work.

A reflection of the many streams in Dutch society

THE MEDIA

CHARLES BATCHELOR

HILVERSUM, that intriguing, Scandinavian-sounding name on the radio dial, is an elegant dormitory town to the east of Amsterdam and the Dutch broadcasting system's headquarters.

The complexity of broadcasting in the Netherlands reflects the diverse religious and political society. The system's advantage is that it allows a say to groups with a variety of different views. The disadvantage is that, because of their numbers, the broadcasting organisations are limited in the resources they can devote to serious programmes. In drama, for example, 85 per cent of programmes are imported, mainly from the U.S. and Britain.

Newspapers and magazines, too, reflect the many streams in Dutch society, although financial pressures have led to a number of mergers among the big publishing groups in recent years.

The average reader is keen to find his opinions echoed by his newspaper or magazine. A weekly magazine launched two years ago with the specific aim of providing "unbiased" and opinion-free news has closed.

Day-to-day output of television and radio organisations is free of Government control, though the Minister of Culture has powers over general policy, financing and the approval of new organisations.

None of the two television and four national radio channels is controlled by one network. The channels merely provide time to the different broadcasting associations in relation to the number of viewing or listening members each organisation can claim.

Confusion

The longest-established organisations are known generally by a confusing plethora of initials. VARA is the socialist broadcasting group and KRO the Catholic station, NCRV speaks up for the Protestants. AVRO appeals to the more liberally-minded, while VPRO represents the Liberal Protestants.

They have been joined in recent years by two former "pirate" broadcasters, TROS and Veronica. Neither claims to speak for a particular religious or political group: they simply aim to provide popular entertainment.

This has revolutionised broadcasting. Veronica gained a licence only by appealing over the head of the Minister of Culture to the Council of State. Their arrival prompted amendments to the 1967 broadcasting law which insists that new organisations satisfy cultural, religious, or spiritual needs not met by existing programmes.

A measure of their impact on the staid broadcasting system is that the initials TROS have given birth to the derogative term trossification, meaning to trivialise. The newcomers' popularity has unleashed a competitive battle between the non-profit making associations as fierce as any between commercial companies.

Broadcasting time depends on membership support and the associations are divided into three categories. Time is allocated in the ratio five to three depending on size.

An A association must have more than 450,000 members, a B association more than 300,000 and a C network more than 150,000. A associations can expect just under eight and a-half hours of time. In just five years, Veronica has reached the 300,000 member mark and has applied for more time.

The link between broadcasting time and membership support, and the breakdown of the traditional religious barriers, have forced the associations to put on popular programmes to attract more members. The battle is also fought through the programme magazines published by each organisation which vie in content and cheapness for new readers.

The limited broadcasting times allowed each organisation means they must often share an evening with a rival, preventing rational programming.

Part of the day's output is given the "neutral" programmes of the Netherlands Broadcasting Organisation (NOS). This makes balanced news and documentary programmes and provides studio facilities and technical assistance to the associations. NOS is supposed to broadcast only programmes of general appeal, but has been extending its coverage recently and begun to compete in some areas with the associations.

The broadcasting organisations meet three quarters of their costs from licence fees the remainder from advertising. A non-profit making foundation sells advertising time, which is limited to brief shots before and after the evening news bulletins. Advertising at the early, seven o'clock news bulletin has been dropped recently as it was felt this was aimed at children.

Television advertising has proved controversial and led in 1965 to the fall of the Government. Plans by commercial interests to open a third television network financed by private capital and revenue from advertising divided the coalition Government and it resigned.

Opposition

A threat to broadcasting's non-commercial character has emerged with the prospect of foreign commercial programmes with advertising aimed specifically at the Netherlands being picked up by cable-TV networks.

The two Government coalition partners are trying to reach a compromise. The Christian Democrats, the larger of the two, oppose the "importing" of programmes, while the Liberals favour unrestricted broadcasting.

The four national radio channels are allocated to the broadcasting organisations on the basis of membership although each channel last year was given its own "character." They now present, respectively, light music, pop, classical music and information.

This is intended particularly to strengthen the image of the first and second channels, which had come to include a mixed bag of programmes appealing to no readily identifiable audience.

The daily newspapers cover the political spectrum from left to right, as well as reflect the religious mainstreams. The aggressively popular De Telegraaf, selling 600,000 copies, claims political independence but steers a conservative course. The most widely-read paper, it combines a taste for sensational court reporting with a sixth sense for news.

Eight publishing consortia supply shared editorial services to 43 daily newspapers, accounting for 56 per cent of the market. The circulation of the dailies has risen by 18 per cent to 4.5m in the past decade or so, while the largest 10 newspaper groups' share has risen from 56 to 82 per cent.

Recent new ventures proved spectacular failures. A tabloid daily, De Dag, launched earlier this year, closed in less than two weeks. Its brash formula, unlike even the most popular of existing dailies, failed to find a market.

Alan Pike visits a town which has been crippled by steel closures—and fears worse is to come

Brave face on Christmas at Consett

"The light shines in the darkness
And the darkness has not overcome it . . ."

THE WORDS of the Gospel for Christmas Day may remind communicants in the churches of Consett, County Durham, of a message which transcends the immediate circumstances of their lives. But Consett's light is burning somewhat dimly at present. The district faces some of the worst unemployment problems in modern Britain and still more jobs are going to disappear next year.

Prayers for the unemployed will be offered in many churches throughout Britain this Christmas. In some parishes, even though the national unemployment total now stands at a post-war record of more than 2.1m, most of the congregation will probably not know by name anyone who has been made redundant this year. In others, like Consett, there are too many unemployed to know them all by name.

Like most local residents the Rev. Jeremy Sampson, Vicar of Consett, can see from his windows the steelworks which, until they closed in September, provided the town's main reason for existence. The works still physically dominate the little town. But now that the people, the noise and the pollution from the famous Consett red dust have gone they already look like an incongruous relic from a much earlier stage of industrialisation.

The vicar speaks of the "human degradation" of the local steelworkers, once fiercely proud of the world-famous reputation which Consett steel enjoyed, who are now reduced to a forlorn search for work.

He tells of men who have gone to Birmingham and Bristol to seek work without success . . . of those who have been offered jobs in London but could not find anywhere to live . . . of families in council houses who are trapped in Consett because no one will exchange with them . . . of those in their own homes who, if they can sell at all, find that they must accept prices well below the cost of buying a house elsewhere.

"There is still a feeling in some places that the unemployed are, collectively or individually, in some way responsible for their plight," says Mr. Sampson. "This is not the case in Consett. People want to work and are still hoping for work."

It would be false to suggest that unemployment has yet become a source of collective despair for the people of Consett. But there are sufficient warning signs for Mr. Sampson and seven other local clergy who will be conducting this week's Christmas services in the town to have written to the Prime Minister, telling of "increasing tensions and problems" in many areas of personal and community life.

"We ask you publicly to express a real understanding of the plight of men and women who have no jobs, who see little chance of getting jobs anywhere and to whom the whole purposelessness of weeks, months, years perhaps, of unemployment will sap their spirits to the point where all hope is lost, all self-respect extinguished," they wrote.

> "There will be new jobs. But it is a painfully slow process. The biggest success so far in attracting new employers to industrial units on part of the old steelworks site will eventually provide 80 jobs."

Aspects of Consett: the now silent steelworks, the Rev. Jeremy Sampson on the steps of 10, Downing Street and protesting steelworkers in Westminster last July.

In their efforts to convey to the Prime Minister what the depressing combination of circumstances facing Consett means for life in the town, the clergy emphasised that local people were not scroungers and shirkers, but wanted to work. They were willing to accept the Government's advice to keep their feet firmly on the ground and step out in search of new jobs—if only they could be sure that there would be ground there to support them.

When the British Steel Corporation closed its Consett works 3,700 people lost their jobs. The North East traditionally suffers from high structural unemployment of which Consett had its fair share even before the steelworks closed. And since the BSC closure the only other substantial employer in the area—Ransome Hoffman Pollard at nearby Annfield Plain—has announced that it is to close its factory in the New Year with the loss of a further 1,250 jobs.

There are fears that next year the area could have an unemployment rate of 40 per cent. If anything can make such a problem worse, it is the knowledge that Consett's comparative isolation and its one-industry town character make it impossible to hope that a new employer will ever come along and create jobs on the scale which they were lost when the steelworks closed.

"Hope dies hard," says Mr. Sampson. "The town refuses to be depressed. But it is depressing to think about the future."

Consett indeed shows signs of refusing to be depressed. Strings of Christmas illuminations decorate the shopping centre, where the large number of husbands and wives who are now able to go out together every day of the week generates an extra air of bustle. The town has been enjoying something of a boom since the steelworkers received their redundancy cheques—although they react angrily to suggestions that they have been engaging in an irresponsible spending spree.

Neither do the local authority and BSC Industry, the corporation's subsidiary which tries to create new jobs in declining steel areas, admit to despair

Derwentside District Council is fighting an aggressive campaign to attract every chance of assistance and new work for the area. In fact, there ara suggestions that councillors in some others parts of the North East which also have high unemployment rates are a little jealous of the amount of attention Consett has received.

There will be new jobs. But it is a painfully, pitifully slow process. The biggest success so far in attracting new employers to industrial units on part of the old steelworks site, for example, will eventually provide 80 jobs.

Christmas, 1980, does not bring acute financial hardship for the former steelworkers—at the moment the redundancy payments still immunise them from that.

The year started with the people of the town believing they genuinely stood a chance of preventing the closure of the steelworks. Their arguments—the plant's productivity was excellent, customers held its products in high regard—were valid in a Consett context but unconvincing in a national one. Now that the plant has closed there is a realisation that, whatever the future holds, the town can never be the same again.

Volumes of sociology have been written about the differences between old and new working class communities. Consett is very much in the old, traditional mould. It has been dominated by a single, physically-demanding manual industry, and the social and community life of the town has been heavily influenced by relationships formed in the workplace.

Now the steelworks has gone, the former steelworkers and their families face the prospect of living far more private, isolated lives than they have in the past. To this is added the fear that when the economy does improve there will be a rapid departure of younger families to areas where employment prospects are better, leaving behind the old and others who cannot move.

The 3,700 redundancies at BSC's Consett works looks small beside the 50,000 jobs which have been lost in the corporation this year, and at least 20,000 more which will go next year. But figures become irrelevant when examined in terms of their impact on one community.

The Consett clergy referred in their letter to Mrs. Thatcher to an "almost touching faith," that something will turn up. Hope remains alive, but there is no sign of anything turning up which could leave Consett the way it used to be.

Letters to the Editor

The price of beer

From Mr. O. Wright

Sir,—A thought occurs to me on the high price of our national beverage. Do we all realise that with our beer at 50p per pint and already approaching 60p per pint that this is approximately four times the price of petrol!

Also petrol is 100 per cent spirit whereas our beer is 95 per cent water. Just think of the millions of pounds the oil rigs pipelines, refineries, tankers, petrol stations cost, and yet we buy it at £1.24 per gallon or 15½p per pint.

In the absence of any adequate reason for this, should we not encourage the oil companies to go into the real-ale business? After all, a four-star bitter at 15p per pint would surely be a growth market par excellence!

O. L. Wright,
3, Belton Court,
High Street, Weston, Bath.

Phone rental charges

From Mrs. J. Sculley

Sir,—I wonder whether most business telephone subscribers have realised that the rental for business telephones has increased by 46 per cent as from November 1.

Certainly from my experience the service has not improved, if anything it has deteriorated, so how can the Post Office justify such a large increase?

When I queried the size of the increase with the P.O., I had to wait five minutes before being answered, I was told that tha the rental was very cheap for the service provided and that if subscribers wanted cheaper telephone charges they must persuade the Government to give the P.O. more money. Don't they realise that any money from the Government comes, in the first place, from the subscriber in the form of taxes? How can the Government relata this to its endeavours to reduce inflation?

Should not an increase of this size be referred to the Office of Fair Trading or the Monopolies Commission?

Mrs. J. M. Sculley,
15½ Fenchruch Street, E.C.3

BIM bureau closure

From Mr. J. Heygate

Sir,—I view with apprehension the imminent closure of the British Institute of Management's consumer information service on management consultancy.

Over the last 15 years the management consulting services information bureau has provided a valuable, and indeed unique, service to companies by giving advice and information on potential choices for consulting assignments.

I cannot but deplore the decision of BIM to close this service. If the question is simply a matter of finance, could not a consortium of professional management institutes, or other interested bodies be organised so as to jointly sponsor the MCSIB?

I would urge the BIM to investigate all the alternatives before taking such a retrograde step particularly in the light of the present economic climate where the effective "matching" of management skills to the needs of British industry is in my opinion critical, to say the least.

J. T. N. Heygate.
2, Cecil Square,
Margate, Kent.

Housing matters

From Mr. C. Drew

Sir,—Mr. W. Roe's "solution" (December 18) to the housing problem—ignore it and it will go away — has a touching simplicity to it.

The reason for 130 years of increasing Government intervention in the field of housing springs from the inability of a free market in housing to do the job—i.e. to house Britain decently.

Decent housing is just as essential to a healthy economy as proper education; health and communications. At its crudest unhealthy uneducated people living in hovels produce nothing very much — except the next generation.

On the other hand, a healthy, secure and well-housed workforce is more likely to generate prosperity. Surely your readers, of all people, should be able to spot such a good investment!

Chris W. Drew.
86 Broomhall Road,
Pendlebury, Manchester

Local authority finance

From the Leader of the Opposition, Greater London Council

Sir,—In your editorial December 17) on Mr. Heseltine's new block grant you comment that "the debate on fair allocation can in future concentrate on real specific issues, rather than imple accusations of gerrymandering." You conclude, however, that teh Government is, even in this first year of the new system, gerrymandering against urban authorities, and especially against London.

On the basis of this honeymoon year's example, with whom and to what purpose it it worth anyone's while to debate a "fair allocation" of the distribution of £11bn of taxpayers' money between authorities. The evidence before us is clearly that areas with the most desperate needs are losing grant, on a huge scale and at unprecedented speed, to more comfortable communities.

Andrew McIntosh.
Room 133, County Hall, S.E.1.

Flats on long leases

From the Senior Partner, Keith Cardale Groves

Sir,—I read with interest (December 17) the problem setting out the difficulties concerning the residents of a block of flats who occupy their premises on long leases and who are faced with the problem of liabilities without assets.

The facts enumerated in the question are an excellent example of the dangers which can arise if professional advice is not sought when the sale of individual units in a building of this type is inaugurated.

Assuming, however, that the head leases of the individual flats contain appropriate covenants and the right of forfeiture in the event of non-compliance and non-payment of properly assessed service charges, the remedy of the directors of the flat management company must surely be to point out to the lessees that unless they comply with their obligations, their flats will be re-entered and sold to satisfy undischarged liabilities.

Obviously, this remedy will only be adopted as a last resort, but the suggested procedure does appear to solve the immediate problem and to give the directors of the management company an opportunity of borrowing funds to deal with immediate outgoings, using the freehold reversion as a security for a loan.

Anthony Margo.
Keith Cardale Groves,
43, North Audley Street,
Grosvenor Square, W1.

Rail fares and investment

From Mr. N. Seymer

Sir,—Mr. Wallis (Dec. 18) says that tha basic reason that British Rail fares are high in relation to other European countries is that BR is labour-intensive, whereas other railway systems are not.

This argument is completely contradicted by the latest in the series of BR's political advertisements. This stresses the fact that compared with the rail systems of eight other West European countries BR came third in terms of labour productivity (rail staff per train-kilometre). So BR is in fact less labour-intensive than the railways of France or Germany.

The lower fares in those countries are in fact due to higher subsidy to the railways by the taxpayers of those countries. Should we, with less wealth to spare, follow their example in this? Mr. Wallis thinks we should—he wants to see greater Government investment in BR in order "to remove the upward pressure on rail fares."

This raises an important question of social priorities. Why should taxpayers in general, many of whom never travel on a train, be asked to increase their subsidy to a mode of transport which has for many years become non-viable? Since the majority of rail passengers belong to the higher income groups there is surely no justification for such increased subsidy even in terms of welfare economics.

Major disinvestment in the railways would surely make better social and economic sense. Public money saved on the railways could, if desired, be used to subsidise bus services.

Nigel Seymer.
Bathealton Court,
Taunton, Devon

Annual rise in salaries

From Mr. P. Brown

Sir,—I see that the Society of Civil and Public Servants, the second largest civil service union, is preparing to submit claims for its members of around a generalised 19 per cent increase, from April 1981.

This is apparently based, following the stillbirth of the current pay research unit report, on independent surveys and Government indices.

We all know that some indices, particularly the average earnings index, have been quite unrealistically inflated by the phase settlements and Clegg awards to the vary same groups who are now using them as justification for future claims. Evidence of the rises over the twelve months to October 1980 does not support a statement that increases will be anywhere near 19 per cent by April 1981.

The annual rise in management salaries to October had been 15.8 per cent and was clearly falling. Our prediction for the year to March 1981, with two-thirds of the data available, is 13-14 per cent and, for the year to November, 8-11 per cent. Directors' rewards, relevant to the senior union grades, show increases to October of 17 per cent, with indications that current settlements are at a significantly lower level.

We would be most interested to know what private sector surveys support a claim for 19 per cent from April 1981. We doubt if any do so.

Peter M. Brown,
Reward Regional Surveys.
1 Mill Street,
Stone, Staffs.

Banks' public relations

From Mr. P. Tray

Sir,—Outbursts such as Mr. C. R. Teideman's letter (December 5) are particularly regrettable at a time when banks are clearly striving as never before to provide the same standards of service to the public that Bonnie and Clyde used to provide to banks.

Can Mr. Teideman really be so naive as to believe that bank charges would be any lower without this new "public affairs unit?" And this at a time when banks will be forced to increase their charges if they want to maintain their profits in the face of falling interest rates? Surely he is aware of the fact that a bank's profit varies in direct proportion to its inefficiency — deliberate or otherwise. It is not just the gravy from fallow current accounts which provides the fat, but the funds in limbo — especially on overseas transfers.

Mr. Teideman is undoubtedly right on one point, that computers could easily calculate the interest both on current accounts and money in limbo, but I suspect that publication would be such a source of embarrassment that not even this new "public affairs unit" could explain it away!

Peter H. Tray,
Richard, Archie and Co.
Victoria House,
Southampton Row, WC1

Ice or grit on the roads?

From Mr. D. Foster

Sir,—Local authorities have ben "advised" ("instructed"?) not to grit and treat icy and snow covered roads outside normal working hours, to save costs. So, if one night there is freezing rain giving roads that are virtually sheets of ice and early morning drivers have accidents, who should they sue, central Government or the local authority for failing to keep the highways in safe or good condition?

We seem to have become too ready to accept being pushed around by authorities of all kinds even when such directions are not covered by law. Is it not time the private individual stood up for his and her rights?

D. Foster.
Blue Skies,
19 Fernhill Close,
Woking, Surrey.

Timber frame housing

From Mr. R. Carter.

Sir,—Imported cars are available, are attractive to large numbers of the population, appear to be better built (at least in people's minds) and so on. In other words, they are what the customer wants and at a price he or she is prepared to pay.

In the same way timber frame houses can be made available more quickly than traditionally constructed houses, have one great attraction of being well insulated and the structure is built under controlled factory conditions which contrast sharply with those on some building sites one has seen.

What is needed now in every industry is increased productivity. In housebuilding, this will come by transferring as much work as possible from the building site to the factory.

R. H. Carter.
41, Bowes Hill,
Rowlands Castle, Hants.

British Telecom finance

From Mr. John de Rivaz.

Sir,—Further to all the recent talk about British Telecom's raising of finance, may I suggest that the simplest way would be for it to issue securities to the public that pay no monetary dividend—but offer so many dialled units per year.

It could be argued that this would merely be a device for the middle classes to avoid that wealth tax called inflation. But once a number of these bonds has been issued, British Telecom would have a vested interest in keeping the cost of telephone services down.

John de Rivaz,
West Town House,
Porthowan, Truro, Cornwall.

Scottish & Newcastle falls behind midway

AFTER finance charges, up from £4.1m to £7.8m, taxable profits of Scottish and Newcastle Breweries finished the six months ended October 26, 1980, behind at £19.3m against £22.6m, on turnover ahead from £239.8m to £277.3m.

The directors say that trading conditions are likely to remain depressed and profits for the full year are expected to be lower—pre-tax figure for the whole of 1979-80 was £39.1m.

Earnings per 20p share are shown as 5.3p (5.5p) and the interim dividend is unchanged at 1.5p—last year's final payment was 2.875p.

Beer volumes were down but market share improved particularly in lager, the directors state.

The profitability of beer operations improved, and there was a small increase in the profitability of the inns division, where additions and improvements continue.

Hotel earnings were down in difficult trading conditions, and EMI hotels and restaurants contribution was better than expected.

Earnings at Waverley Vintners were reduced, they add.

Tax for the first half was lower at £4.1m against £7m, reflecting a proportion of the tax relief arising from the investment in EMI hotels, and after preference dividends of £0.3m and ordinary dividends of £4.2m (same), the amount retained for the period was £10.7m compared with £11.1m.

The directors state that the cost reduction programme continues, but the investment programme remains at the planned level.

Lex, Back Page

HIGHLIGHTS

The Lex column looks at the half-year figures from Scottish and Newcastle Breweries, where profits are down but the dividend is held: but one notable dull spot is the new EMI hotels which are not covering the cost of acquisition. Lex also looks at the move by Colonial Securities Trust to reduce the discount on its market rating relative to its underlying asset base. Other news to reach the column is the financing of the deal whereby Argyll is purchasing Oriel Foods. Finally there is the surprise move by the Authorities to issue a series of mini-taps.

Westward TV cuts dividend to 1.5p

PROFITS before tax of Westward Television are down from £791,000 to £760,000 for the year to July 31, 1980, and the directors are cutting the dividend from 2p to 1.5p with a final of 0.85p.

Stated earnings per share are 3.67p against 5.1p after tax of £399,000 against £289,000.

	1979-80 £000	1978-79 £000
Net advertising revenue	9,578	8,734
Other sales	473	785
Dividends and interest	89	33
Rent received	6	7
Total income	10,146	9,559
Profit before tax	760	791
Taxation	399	289
Net profit	361	502
Extraordinary debits	182	283
Dividends	143	197

● comment

Westward Television is waiting to hear its fate on Sunday when the new franchises are awarded with more anxiety than most applicants. Nevertheless, a 37 per cent cut in the final dividend without a single word of explanation may strain the patience of some investors, especially if it retains the franchise. Turnover in the second half has risen by nearly a third, although the post-strike recovery is included in the period. However Westward is apparently facing pressure on the costs front. With shareholders more interested in the break-up value of the company than the future dividend earnings stream, the share price fell only ½p to 21p.

Charter Trust

A SLIGHT dip in gross revenue from £2.45m to £2.41m is reported by the Charter Trust and Agency for the year ended November 30, 1980.

Investment income accounted for £2.33m (£2.3m) and other income £74,187 (£155,189). Management and general expenses took £154,080 (£129,229) and debenture and loan interest £101,240 (£165,588). The tax charge was £756,089 (£773,248), leaving net earnings per 25p stock unit of 3.38p (3.36p).

The final net dividend will be 2.275p (2.025p), making 3.2p (3,156p, including special of 0.306p), which will absorb £1.29m (£1.27m).

The total assets are stated as £40.55m (£29.21m), after deducting prior charges at par, equivalent to 100.6p (72.6p) per share.

WILMOT-BREEDEN

Wilmot-Breeden (Holdings) has sold its Wilmot-Breeden Electronics subsidiary to WKR group for an undisclosed amount. WKR was formed by W-B's senior management to make the acquisition.

The sale is also announced of another subsidiary, Trufio, to West Park Ltd. Wilmot-Breeden (Holdings) is a subsidiary of Rockwell International Corporation of the U.S.

LONDON TRADED OPTIONS

(Dec. 22 Total contracts 741)

Option	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	420	22	12	46	—	64	—	426p
BP	460	12	4	30	—	44	—	"
BP	500	3	9	16	2	32	—	"
Cons. Gold	488	50	11	70	—	—	—	520p
Cons. Gold	538	3	73	13	—	20	2	"
Courtaulds	50	6	3	11½	50	14	6	53p
Courtaulds	60	2	—	5½	25	9½	—	"
GEC	500	103	1	153	—	150	—	593p
GEC	550	58	5	92	—	115	—	"
GEC	600	24	1	60	—	83	—	"
GEC	650	5	31	40	2	65	5	"
Grand Met.	150	24	1	—	—	—	—	152p
ICI	300	28	15	42	—	52	—	324p
ICI	330	9	11	22	—	32	—	"
ICI	360	1½	6	12	—	20	—	"
Land Sec.	390	3	10	15	—	24	—	356p
Marks & Sp.	110	5½	210	13	—	18	—	110p
Marks & Sp.	120	1½	—	8½	94	12	11	"
Shell	360	120	2	—	—	—	—	470p
Shell	460	26	9	44	—	58	—	"
Totals			416		175		24	

Option	Ex'rcise price	February Closing offer	February Vol.	May Closing offer	May Vol.	August Closing offer	August Vol.	Equity close
Imperial Gp.	70	7½	—	8	7	10	—	71p
Lasmo	700	77	7	120	—	154	—	724p
Lonrho	90	—	—	16	2	21	—	94p
Lonrho	94	8	5	—	—	—	—	"
Lonrho	100	—	—	10	14	14	—	"
Lonrho	104	5	1	—	—	—	—	"
Lonrho	110	—	—	5½	—	8	8	"
Lonrho	120	1	—	3½	5	5½	—	"
P. & O.	120	8	20	12½	—	17½	—	117p
Racal Elec.	390	5	—	17	5	29	—	329p
RTZ	454	9	1	28	—	—	—	408p
RTZ	494	5	48	15	—	—	—	"
RTZ	500	—	—	—	—	22	5	"
Totals			82		33		13	

Audiotronic still in loss and depending on bankers

AUDIOTRONIC, the electronics distributing company that depends on its bankers' facilities for survival, has reported its third consecutive interim loss and still cannot predict a return to profitability.

Mr. A. G. Macpherson, who became chairman in October when Mr. Geoffrey Rose left the board, told shareholders at the annual meeting yesterday that the company is receiving "every co-operation from its bankers." However, its facilities are still being reviewed monthly.

Mr. Macpherson said that total shareholders' funds are still less than the £1.5m preference share capital and that a capital reorganisation would probably be needed although it would be premature to attempt one until the group had returned to profitability.

He added that the board did not preclude liquidating the company, although it did not consider that in the best interests of shareholders at the moment. Similarly, a sale would be considered if an offer could be found that was in shareholders' interests.

The group's pre-tax loss in the 26 weeks to September 1 was £145,000 compared to a £13,000 profit on the continued businesses.

Last year's interim profit was turned into a £1m loss by exceptional losses on Audiotronic (Retail) of £929,000, originally stated as £319,000, and on retailing in Belgium of £99,000.

The current year's interim loss is after receiving £200,000 loss-of-profits compensation due to stock in transit having been destroyed by fire. Turnover was £6.1m compared to £7m.

The loss per ordinary share, calculated without allowing for the arrears on the preferred shares, was 1.2p (9.8p). Had allowance been made for payment of the preference dividends at the end of 1979-80 and in the first half of 1980-81, the loss per ordinary share would have been 2.3p.

In his statement, Mr. Macpherson said the UK subsidiaries have been facing difficult trading conditions with competition in hi-fi products particularly severe. High overheads and interest rates also contributed to the £247,000 UK loss.

Overseas, the Allwave retail chain benefited from improved margin control and exceptional initial demand for citizen band radio which is not expected to be sustained in the second half.

The agency agreement for Trio hi-fi products was to terminate next June but the company is surrendering it as from January 1 to avoid the seasonally unprofitable months.

This subsidiary contributed £140,000 in trading profit in 1979-80 but has been in loss in the current year and the main effect of the disposal will be a £400,000 reduction in the group's borrowing needs. Total group borrowing stands at approximately £800,000.

Mr. Macpherson says some progress is being made towards recovery "even though it would still be premature to predict a return to overall profitability." The directors do not foresee the payment of any dividends on the preference or ordinary shares.

Shareholders were told that Christmas trading had been mixed. The group is turning its attention to the development markets for its commercial and industrial products rather than consumer products. Some benefit from this is expected next year.

Asked why preferred shareholders should be interested in a reorganisation of capital, Mr. Macpherson said that the scheduled redemption of the preferred shares in 1985 might be too great a burden for the continuing business "and therefore it would be in the interests of the shareholders as a whole to reorganise the capital."

Mr. Geoffrey Rose, the former chairman, sold all his 1,187,827 ordinary shares, 10.2 per cent of those issued.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Brasway	int.	1	Jan. 31	2	—	4
Elsburg Gold Mining		‡52	March 6	22.75	78	30.55
Initial Services	int.	2.75	Jan. 21	2.25	—	7.5
Petbow Holdings	int.	nil	—	1.5	—	1.5
Radiant Metal	int.	1	Jan. 30	1	—	3
Randfontein Estates		‡650	March 6	350	1100	600
Sekers		Nil	—	0.75	—	2.3
Scottish & Newcastle	int.	1.5	April 6	1.5	—	4.38
Western Areas		‡80	March 6	35	120	47
Westward TV		0.85	—	1.35	1.5	2
Wood & Sons	int.	nil	—	0.7	—	0.7

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ South African cents throughout.

CASE to raise £2m and hopes to repay £900,000 NEB loan

OVER half the equity of Computer and Systems Engineering (CASE) have been placed with institutions by Cazenove. The bulk of the shares made available came from the National Enterprise Board, which bought a 27.8 per cent stake in 1978, and from Mr. Nick Samuel, whose family, heavily involved in the foundation of the company, held about 25 per cent in all.

Yesterday Cazenove placed 641,000 Ordinary shares at £6 and 225,200 convertible preference shares at £7.75. The NEB paid £2.50 per share for its original holding.

The total proceeds of the issue and the sale—just over £2m—will go, primarily, to repaying the £900,000 loan from the NEB, and then towards reducing bank borrowings and improving working capital.

CASE, a small independent manufacturer of communications and electronics equipment, is forecasting pre-tax profits of not less than £900,000 for the year to the end of December on turnover up 60 per cent from last year's £7.5m. That year, profits slumped to £30,000 from the £335,000 achieved in 1978 on a turnover of £6m.

In 1978 the NEB bought its stake as part of a policy of helping to accelerate the growth of small companies in the electronics field. Its sale, yesterday—the first under Sir John King's chairmanship—represents the new policy of "transferring appropriate holdings to the private sector," according to Sir John. CASE was firmly established on a profitable basis, he said.

In September year CASE was the subject of a bid from Paradyne, an independent data communication equipment maker of Florida, which won agreement from the NEB for a proposed all-share offer.

This was withdrawn in March when Paradyne's own share price doubled making the terms of the offer too expensive in Paradyne's view. It had originally been prepared to pay just under £5m for the company.

CASE is at present unlisted but the Board says that it will seek a flotation some time in the future.

ISSUE NEWS

Argyll Foods plans fourth rights issue

The retailing, wholesale and freezer centre group put together by Mr. James Gulliver, Argyll Foods, has announced plans to launch its fourth rights issue within the space of two years to fund part of the proposed £19.5m cash acquisition of Oriel Foods.

Full details of the acquisition will be announced in the third week of January, but Argyll has already exchanged contracts with Oriel's parent, RCA Corporation, and completed underwriting for a two-for-five rights issue to raise £8m.

The new shares will be offered at 65p each compared with the suspension price of 79p since the deal was first mooted in the middle of last week. Gulliver Foods, the private company controlled by Mr. Gulliver and his associates, Mr. Alistair Grant and Mr. David Webster, will subscribe for its entitlement in respect of 20.3 per cent of the equity.

The remainder of the issue has been underwritten by Samuel Montagu in conjunction with Noble Grossart. The brokers to the issue are Panmure Gordon.

Oriel and most of its senior management are well known to Mr. Gulliver since it constituted his first investment in the food industry on leaving Associated British Food's Fine Fare subsidiary in October 1972.

Bought out by RCA 10 months later for almost £11m, Oriel was managed by Mr. Gulliver until 1977 when he left to create the foundations of Argyll, through the acquisition of the Louis Edwards meat business in Manchester, and the Alpine double-glazing operation.

Oriel is substantially larger than Argyll Foods. Their combined annual turnover will total about £240m but Oriel's pre-tax profits are running at around £4m and Argyll will probably produce between £1.75m and £2m pre-tax for the current 15 months period to March, 1981.

The route through which Argyll will fund the outstanding cash consideration of £11.5m has not been disclosed as yet. It had planned to finance the deal through a combination of borrowings and a vendor placing but it still seems probable that Argyll will take on a tranche of term debt.

Holders of the convertible preference shares will be allotted 58 new ordinary shares for every 100 convertible preference shares held.

S & K PLACING

S and K Petroleum, the newly created drilling fund developed by Sceptre Resources (Canada) and Kaiser Oil (U.S.), yesterday announced the placing of 7m common shares at $5 per share, primarily throughout Europe but excluding the U.S. and Canada.

The company has applied for a listing on the Alberta Stock Exchange and if approved, dealings will be permitted in London under Rule 163 (1e). the provision of foreign-quoted companies.

S and K has been devised to participate in a $60m oil and gas exploration joint venture with Sceptre and Kaiser Oil.

Lead agent to the offering is Wood Gundy.

RIGHTS RESULTS

Acceptances have been received in respect of 74.25 per cent of the 4m ordinary shares and 91.5 per cent of the 1m deferred shares of Steaua Romana (British) offered in a rights issue last month.

UK COMPANY NEWS

MINING NEWS

W. Areas paying a high final

BY KENNETH MARSTON, MINING EDITOR

SEASONAL cheer comes for holders of the Johannesburg Consolidated Investment group's Western Areas gold mine in the shape of a higher than expected final dividend of 80 cents (45.5p). This brings the 1980 total to 120 cents compared with only 47 cents for 1979.

The Western Areas' holding company, Elsburg, is following suit with a 1980 final of 52 cents to make a year's total of 78 cents against 30.6 cents for 1979.

In the case of the group's Randfontein Estates, however, there will be some disappointment with the 1980 final now declared of 650 cents. Even so this boosts the year's total to 1,100 cents from 600 cents for 1979.

In a quietly firm sharemarket yesterday—sentiment was helped by a further improvement of $11 to $595.50 per ounce—shares of Western Areas rose 19p to 378p at which they are now on an 18 per cent dividend yield basis. Those of Randfontein improved ½ to £39, the new yield in this case being 16 per cent.

Angola diamond output rising

HOPES of a further good recovery in production of industrial and gem diamonds in Angola this year are borne out by the Jornal de Angola which reports that 1980 output is expected to total about 1.5m carats compared with 840,000 carats in 1979 and 650,000 carats in the previous year.

The 1980 output is the highest since the country attained independence in 1975. However, it is still well below the production achieved before then. In 1973, the Diamang mines turned out 2.12m carats, equal to eight per cent of world production at that time.

In 1975 Diamang had expected production to rise to a record 3.5m carats, but the Angolan civil war, the flight of skilled staff and a huge increase in illicit mining and diamond stealing resulted in a 60 per cent drop from 1973 output levels.

The Angolan state holds 77 per cent of the shares of Diamang, having taken over private and public Portuguese holdings in the company. British, South African, U.S., Belgian and Swiss interests in Diamang were not affected by the takeover.

CANHUNTER GAS WELL 'PROLIFIC'

Canadian Hunter Exploration, a Noranda subsidiary, reports that it has completed "one of its most prolific gas wells drilled to to date in the Elmworth area" of Alberta.

Testing indicates that the well will deliver 67.5m cubic feet per day of sweet gas against 1,100 pounds per square inch back pressure, it said.

The absolute open flow potential of the well is estimated to be 102m cubic feet per day, the company added.

The well is 87.5 per cent owned by Hunter and 12.5 per cent by Esso Resources, an Imperial Oil subsidiary.

LORAINE'S R80M EXPANSION COST

The Anglo-Transvaal group's Loraine gold mine says that its programme to increase underground tonnage mined to 135,000 tonnes a month and to raise production from the Elsburg reefs will cost some R80m (£45m) over the next five years, most of which will be incurred by 1983. Ore reserves, based on a gold price of $500 per ounce, have been increased to 5.51m tonnes from 3.6m tonnes.

Brasway falls into the red

Brasway, the West Midlands iron and scrap processor and tube manufacturer, plunged into the red in the half year to October 31, 1980—the company incurring a taxable loss of £185,836, compared with a profit of £203,530. Sales were lower at £6.83m, against £7.12m.

The interim dividend is being reduced from 2p to 1p net—last year a total of 4p was paid from pre-tax profits of £400,603 (£458,282).

The brunt of the loss was taken by the ferrous scrap division which was forced to sell its processed scrap on a continually weakening market.

The chairman says that as he explained in his last report home demand was much reduced and the company was seeking overseas markets.

In this the company was successful but because of the world-wide recession in the steelmaking industry the company was operating in a falling market, so much so that scrap prices were virtually halved.

Gross profit margins were drastically reduced and while some economies were effected, these were largely offset by increased overheads due to the rise in inflation.

The intake of scrap sharply reduced as industrial production fell off and although the company increased the list of works from which it collects by approximately 28 per cent, the net tonnage received was well down.

Many of the overseas sales were directed to Spain but because of late payments, professional claims, etc., the group worked at a loss on some cargoes. Fresh markets have been sought and the first shipment of UK scrap to Israel was recently negotiated and organised by the group. Two large shipments have also been fixed to Greece at reasonable profit margins.

Although world demand for scrap has improved over the past month and although prices have only reacted in a moderate way the chairman says he views the future with cautious optimism.

He adds that as there appears little likelihood of a further significant reduction in MLR for some time the company is embarking on a massive destocking programme. The effects of this, he says, will hopefully come due course and that, together with the improved outlook, the company should, at worst, break through the financial system in even for the current year.

SHARE STAKES

Renwick Group—Trustees of F. C. Dobson Will Trust have sold 30,000 shares. This is listed in shareholdings of M. F. Dobson, director, but he is not a trustee.

Eucalyptus Pulp Mills—Island and South American Merchants on December 9 sold 13,250 shares, and on same day Balcombe Securities acquired these shares. Holdings now as follows: Balcombe 556,388 shares (14.94 per cent) and Island 1,085,534 shares (29.15 per cent).

IS makes first half headway

THE six months to September 30, 1980, has seen pre-tax profits of Initial Services rise from £7.66m to £8.93m, on turnover £11.51m higher at £71.81m.

Earnings per 25p share are stated at 8.1p (9.4p) and the interim dividend is stepped up from 2.25p to 2.75p net. The total payment last year was 7.5p from pre-tax profits of £15.86m.

Tax for the first half took £3.9m (£2.52m), minority profits £207,000 (£180,000) and extraordinary debits £78,000 (£252,000). The attributable balance was virtually unchanged at £4.75m (£4.7m).

On a CCA basis CCA profits were shown as £6.6m (£11m) and earnings per share at 4.5p (11.6p).

Mainly because of the uneven timing of purchase of service equipment, the taxation charge for the current year will be higher than normal.

Some comparitive figures have been adjusted to reflect changes in accounting policies, principally those concerning the depreciation of service equipment. On a CCA basis depreciation totalled £2.1m (£3.8m), cost of sales £0.3m (£1m) and monetary working capital £0.3m (£0.9m).

Since the last AGM, the group has acquired Nairoshire Cleaners which has textile rental, contract and domestic laundry interests in the north of Scotland; Central Window and General Cleaners of St. Albans; and in Australia, 90 per cent of Samuel Kay Holdings (Vic.) Pty., and the 20 per cent minority holding in Amicable General Cleaning Services Pty.

● comment

In line with many service industries Initial's interim figures do not bear the full brunt of the recession. The 16 per cent rise in pre-tax profits reflects the return to the black of the Australian subsidiary and growth in the office cleaning division. The second half will look less cheerful as the key linen supply division faces further erosion of its customer base which largely consists of manufacturing companies. Longer-term the company appears to pin its hopes on Australia, the expansion of its office cleaning outlets in the highly competitive South East of England and renewed high growth from the linen supply division once the recession eases. For the year full-tax profits are anticipated to roughly equal last year's £15.8m. At 201p, up 5p, the shares yield 5.7 per cent and the prospective p/e, fully taxed, is 14.5 reflecting the long-term growth potential of the industrial workwear business.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Forminster, Philip Harris.
Final—Cronite.

FUTURE DATES

Interims—
Black (Peter) ... Jan. 8
ERF ... Jan. 7
Geller (A. and J.) ... Jan. 13
Letraset ... Jan. 16
RFP ... Jan. 8

Finals—
French (Thomas) ... Jan. 14
Glasgow Stockholders Trust ... Feb. 6
SGB ... Jan. 13

St. George's Laundry suspended

The Board of St. George's Laundry asked for its shares to be suspended yesterday at 87p pending an announcement expected to be made today.

Control of the company was much contested last year when Mr. Michael Ashcroft, chairman of Provincial Laundry, made an attempt to take over all or part of St George's. He sold his 16 per cent stake in September when it became clear that the Armstrong family which controlled St. George's wanted the shares to go to friendly interests.

The arrangement was for the family to keep 26 per cent, clients of Simon and Coates to take 18.27 per cent and 26.7 per cent was acquired at 60p by Mr. Peter Dellar and Mr. Phillip Dobson who joined the Board.

Increases for directors

Directors' emoluments at Royal Bank of Scotland increased by 51 per cent to £345,000 in the year to September 30, according to the annual report. The bank said yesterday this reflected actual increases in average directors' rewards of about 33 per cent. In contrast, staff costs are ahead 25 per cent.

Continued progress at Standard Fireworks

IN HIS interim statement, the chairman of Standard Fireworks states that the company has continued to make successful progress and, most importantly, has met its commitments for the 1980 programme on time.

Sales of traditional shop fireworks constituted once again at record levels, showing an increase in turnover of some £1m (27 per cent), compared with the previous year.

There were indications in certain areas of the country that some stock was left unsold while in the majority of areas demand exceeded supply with the consequent effect that some customers were quickly sold out.

In its programme for 1981 the company will have to be flexible, in every way, to respond to the situation as it develops in the New Year, the chairman adds.

Export business continues to flourish in spite of the strength of sterling. The company has now completed and despatched to its overseas customers their requirements, for the New Year festivities and are already dealing with inquiries for 1981.

The amount of the annual dividend will be considered when the year's results are known and will reflect not only the year's achievement but also the appropriate need to conserve liquidity for capital investment in plant and machinery so as to improve the company's manufacturing efficiency.

London Shop revalue

Mr. J. Hugh Jones, chairman of London Shop Property Trust, says in his annual report that it is the intention of the board to have the group's portfolio of properties revalued as at April 30, 1981.

McLeod Russel and Co., announced on December 9, that it has purchased just under 15 per cent of the ordinary shares and of the convertible unsecured loan stock of London Shop, and has subsequently acquired a further 3½ per cent of the ordinary shares. Because of this development, the directors have decided that shareholders should have available an up-to-date professional valuation of the properties.

The result of the valuation will be known early in the New Year and is expected to show a surplus over the 1978 valuation already incorporated in the balance sheet.

Shareholders are recommended to bear this in mind and, if approached to sell their shares, may wish to seek professional advice.

EUROPEAN OPTIONS EXCHANGE

Series		Jan. Vol.	Jan. Last	April Vol.	April Last	July Vol.	July Last	Stock
ABN C	F.300	—	—	6	10	..	—	F.286
ABN C	F.320	1	0.50	4	5	..	—	"
AKZO C	F.17.50	—	..	62	1.40	15	1.70	F.17.30
AKZO C	F.20	5	0.20	—	—	25	0.90	"
AKZO P	F.20	—	—	100	2.70	—	—	"
HEIN C	F.55	29	0.90	50	2.40	—	—	F.46.80
HEIN P	F.45	—	—	—	—	1	1.80	"
IBM C	$70	5	1⅛	—	—	—	—	$64⅜
KLM C	F.60	12	1.60	131	5.50	3	4.60	F.58
KLM C	F.70	—	—	10	1.20	—	—	"
KLM P	F.55	—	—	—	—	1	5.60	"
KLM P	F.60	—	—	2	5.80	—	—	"
NATN C	F.120	15	0.60	—	—	1	4.60	F.115
NATN P	F.120	1	7	—	—	—	—	"
PETR C	Fr.5500	5	40	10	1.50	—	—	Fr.5200
PHIL C	F.15	—	—	30	1.60	80	1.80	F.14.80
PHIL C	F.17.50	—	—	46	0.60	45	0.60	"
PHIL C	F.20	—	—	10	0.20	—	—	"
PHIL P	F.15	..	—	25	0.70	—	—	"
PHIL P	F.17.50	20	2.60	40	2.60	—	—	"
POLA C	$85	4	1⅛	3	3	—	—	$23⅝
POLA C	$30	—	—	—	—	3	2⅛	"
OLIE C	F.180	12	37.50A	2	43	—	—	F.216.50
OLIE C	F.190	—	—	..	—	14	36.50	"
OLIE C	F.200	15	19	5	26.50	—	—	"
OLIE C	F.220	24	6.40	39	15	2	16.50	"
OLIE C	F.240	48	0.90	91	7.50	5	10.30	"
OLIE P	F.180	13	0.20	20	1	—	—	"
OLIE P	F.190	1	0.60	31	2.50	9	4.50	"
OLIE P	F.200	6	1.30	11	5	5	9.50	"
OLIE P	F.220	26	7.20	—	—	—	—	"
UNIL C	F.120	10	4.50	1	7.80	—	..	F.123
UNIL P	F.120	5	0.70	—	—	—	—	"
		Feb.		May		Aug.		
MANN C	DM.130	—	—	8	5.80	—	—	DM123.50
SIEM C	DM.260	10	6.50	..	—	—	—	DM268.70
SLUM C	$120	5	10½	—	—	—	..	$121¼

TOTAL VOLUME IN CONTRACTS 1152

A=Asked B=Bid C=Call P=Put

SPAIN

December 19	Price %	+ or −
Banco Bilbao	249	
Banco Central	275	−2
Banco Exterior	227	+2
Banco Hispano	230	−2
Banco Ind. Cat.	120	
Banco Madrid	141	
Banco Santander	282	
Banco Urquijo	145	+1
Banco Vizcaya	263	
Banco Zaragoza	204	
Dragados	85	+1
Espanola Zinc	46	+1
Fecsa	59.2	+0.2
Gal. Preciados	22	−1
Hidrola	68	+0.3
Iberduero	61.7	+0.8
Petroleos	80	
Petroliber	80	
Sogefisa	102	
Telefonica	81	+0.5
Union Elect.	66.2	

NOTICE OF REDEMPTION

CANADA

to the holders of Debentures payable in United States Currency of the issue designated "9% Sinking Fund Debentures, due February 1, 1985" (herein called "Debentures") of

THE CITY OF MONTREAL

PROVINCE DE QUÉBEC, CANADA

PUBLIC NOTICE IS HEREBY GIVEN that Ville de Montréal intends to and will redeem for SINKING FUND PURPOSES on February 1, 1981, pursuant to the provisions of the Debentures, the following Debentures of the above-mentioned issue, at 100% of principal amount plus accrued interest to the redemption date, namely:

Numbers of the Coupon Debentures of $1,000 each, bearing the prefix E, redeemable on February 1, 1981:

643140	644516	646079	647700	649146	650460	652283	653853	655111	656678
643155	644517	646145	647707	649147	650467	652288	653862	655112	656703
643174	644525	646151	647726	649183	650471	652289	653868	655135	656706
643195	644583	646154	647779	649201	650475	652308	653884	655149	656710
643205	644584	646182	647780	649205	650476	652335	653897	655161	656739
643231	644607	646185	647783	649208	650484	652350	653898	655164	656761
643269	644608	646196	647800	649209	650500	652375	653901	655188	656782
643272	644634	646204	647809	649219	650535	652387	653968	655190	656784
643275	644637	646206	647822	649223	650538	652397	653971	655212	656789
643285	644647	646214	647833	649234	650570	652429	653975	655250	656803
643289	644650	646228	647847	649253	650611	652462	653977	655255	656804
643301	644665	646234	647863	649260	650615	652466	653980	655256	656819
643302	644671	646244	647919	649267	650634	652475	653981	655286	656822
643327	644674	646250	647925	649294	650641	652498	653984	655292	656835
643347	644675	646325	647942	649302	650647	652512	653986	655317	656859
643350	644680	646428	647943	649307	650701	652540	653995	655320	656863
643368	644682	646482	647954	649315	650718	652545	653998	655342	656879
643372	644689	646500	647956	649321	650750	652563	654003	655349	656888
643383	644753	646507	647962	649338	650760	652579	654010	655426	656914
643399	644774	646512	647963	649339	650765	652585	654014	655453	656923
643533	644802	646527	648033	649340	650783	652589	654034	655500	656973
643560	644813	646535	648047	649348	650784	652613	654046	655502	657034
643642	644814	646620	648059	649358	650803	652625	654049	655506	657040
643644	644843	646627	648063	649360	650809	652645	654052	655509	657052
643652	644844	646653	648068	649387	650842	652649	654073	655512	657058
643668	644846	646713	648071	649406	650876	652682	654080	655525	657060
643679	644853	646759	648074	649409	650886	652687	654090	655543	657077
643758	644866	646777	648086	649428	650920	652698	654098	655565	657087
643808	644871	646778	648089	649446	650935	652719	654100	655578	657109
643845	644872	646797	648095	649465	650939	652721	654102	655582	657125
643853	644883	646808	648153	649471	650950	652729	654148	655610	657141
643854	644891	646830	648191	649474	650969	652739	654188	655618	657150
643864	644906	646832	648201	649477	651005	652745	654193	655621	657162
643866	644908	646833	648213	649480	651024	652761	654205	655653	657213
643880	644910	646868	648217	649486	651048	652800	654208	655657	657248
643893	644911	646877	648242	649487	651059	652810	654238	655667	657259
643912	644915	646880	648253	649489	651081	652813	654240	655711	657285
643931	644936	646889	648254	649506	651089	652818	654241	655712	657293
643936	644942	646896	648256	649531	651138	652838	654257	655727	657302
643950	644944	646907	648267	649593	651149	652855	654258	655750	657315
643963	644948	646911	648285	649607	651177	652887	654277	655764	657322
643974	644956	646919	648325	649609	651202	652921	654290	655767	657332
643985	644967	646954	648335	649659	651209	652932	654304	655810	657338
643986	644968	646978	648372	649670	651233	652933	654314	655823	657339
643987	644980	646983	648392	649675	651283	652939	654316	655825	657345
643991	644986	646991	648396	649684	651335	652940	654319	655880	657355
644006	645002	647027	648440	649686	651346	652959	654321	655921	657409
644054	645011	647071	648441	649690	651359	652961	654323	655931	657433
644056	645013	647073	648463	649694	651366	652963	654337	655933	657438
644058	645030	647076	648477	649731	651371	653013	654342	655954	657446
644063	645040	647083	648482	649781	651390	653039	654344	655958	657467
644072	645046	647099	648491	649832	651397	653041	654346	655961	657479
644080	645054	647111	648526	649840	651400	653057	654348	655970	657489
644093	645071	647119	648544	649845	651402	653056	654390	655990	657493
644105	645072	647142	648552	649847	651421	653061	654415	656019	657520
644110	645075	647154	648572	649963	651500	653098	654426	656022	657523
644115	645091	647156	648599	650027	651528	653099	654448	656023	657553
644119	645096	647158	648603	650035	651530	653123	654514	656025	657555
644121	645098	647173	648624	650040	651595	653127	654524	656043	657563
644129	645099	647238	648644	650051	651597	653174	654542	656086	657578
644133	645130	647255	648669	650057	651600	653177	654555	656093	657602
644143	645134	647289	648674	650066	651603	653182	654564	656098	657618
644160	645138	647291	648678	650143	651613	653190	654567	656104	657620
644172	645152	647319	648688	650145	651634	653194	654580	656118	657622
644181	645160	647355	648693	650154	651644	653195	654596	656166	657633
644182	645168	647368	648695	650160	651645	653198	654620	656172	657648
644184	645248	647369	648723	650170	651652	653200	654626	656175	657653
644188	645255	647406	648745	650172	651665	653216	654660	656186	657683
644198	645262	647409	648782	650174	651688	653226	654678	656196	657693
644210	645265	647428	648804	650177	651766	653234	654729	656260	657701
644218	645332	647440	648805	650178	651807	653238	654764	656270	657722
644240	645337	647449	648809	650185	651830	653240	654769	656278	657729
644242	645342	647457	648851	650188	651833	653248	654786	656281	657754
644243	645367	647460	648858	650195	651840	653263	654788	656317	657772
644261	645395	647479	648862	650200	651858	653326	654796	656330	657789
644262	645401	647486	648903	650222	651879	653349	654802	656341	657803
644267	645431	647502	648910	650230	651896	653365	654804	656344	657829
644270	645446	647509	648919	650239	651922	653373	654820	656348	657839
644272	645454	647512	648928	650244	651923	653460	654824	656370	657841
644278	645457	647514	648930	650252	651932	653502	654828	656372	657852
644281	645473	647522	648933	650256	651943	653503	654832	656375	657853
644292	645494	647529	648936	650265	651964	653505	654834	656413	657942
644302	645502	647540	648960	650276	651968	653511	654836	656426	657945
644317	645516	647551	648962	650279	651997	653528	654855	656428	657968
644326	645524	647565	648968	650290	652002	653545	654866	656441	657974
644344	645608	647615	648971	650294	652027	653555	654881	656443	657989
644355	645893	647617	648980	650328	652085	653562	654892	656463	657990
644356	645898	647619	648985	650329	652088	653585	654911	656476	657994
644362	645899	647631	648989	650342	652093	653627	654917	656488	658008
644395	645909	647632	648992	650346	652102	653636	654922	656492	658012
644407	645920	647638	648998	650352	652103	653642	654937	656494	658014
644408	645924	647642	649019	650366	652110	653650	654958	656501	658021
644426	645937	647652	649020	650368	652112	653651	654999	656509	658024
644437	645970	647656	649023	650372	652119	653662	655000	656545	658033
644438	645975	647660	649078	650390	652138	653681	655003	656549	658065
644472	645989	647671	649093	650401	652172	653682	655014	656553	658069
644473	646036	647674	649097	650404	652205	653683	655019	656562	658093
644476	646040	647676	649112	650409	652211	653778	655027	656630	658112
644497	646049	647681	649118	650411	652220	653787	655032	656639	658114
644512	646052	647694	649131	650457	652241	653819	655110	656670	658130

Debentures to be so redeemed will become due and payable and will be paid in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts in said United States of America, at the office of Bank of Montreal Trust Company in the Borough of Manhattan, City and State of New York, United States of America (or at the office of other Paying Agents, Bank of Montreal, Montreal; Bank of Montreal, London; S.G. Warburg & Co. Limited, London; Amsterdam-Rotterdam Bank N.V., Amsterdam; Kredietbank N.V., Brussels; Berliner Handels-und, Frankfurt; Kredietbank S.A. Luxembourgeoise, Luxembourg; Banque de Paris et des Pays-Bas, Paris; Crédit Commercial de France, Paris, appointed by the City according to section 5, paragraph C of the Paying Agency Agreement with Bank of Montreal Trust Company, dated as of February 1, 1970), upon presentation and surrender of Debentures bearing the above-mentioned numbers with all coupons maturing after February 1, 1981 attached.

PUBLIC NOTICE IS ALSO HEREBY GIVEN that all interest on the principal amount of the Debentures presently called for payment, will cease to accrue from and after February 1, 1981.

VILLE DE MONTRÉAL
FERNAND DENIS, C.A.
Director of Finance

DATED AT MONTRÉAL, this thirteenth day of November, 1980.

Petbow trims losses by £24,000 at midway

WITH the world market for generating sets remaining depressed, Petbow Holdings reports a pre-tax loss of £552,000 for the six months to September 30, 1980, but this has reduced the previous loss by £24,000. Turnover of this manufacturer of generating sets and welding sets fell from £7.17m to £6.8m. The interim dividend is being passed—last time the payment was 1.5p, but there was no final. There was a pre-tax loss of £898,000 (profit £1.2m) in the full year.

The board says that apart from the depressed world market, the ever-strengthening pound has resulted in highly competitive market conditions for UK exporters. Despite this, however, the group's share of exports has continued to rise, and in particular sales to Nigeria are returning to a reasonable level. The home market, it adds, remains disappointing with private and public investment being very low.

Mr. James Bird, the chairman, says that order prospects are improving but trading results for the second half are expected to show a loss.

There was a nil tax charge compared with £120,000. The attributable loss came out at £607,000 against £751,000, and there was a deficit per 10p share of 4.54p (5.64p).

Mr. Bird says the initial market reaction to the group's new Powercentre range of generating sets has been encouraging and its expectation of lower manufacturing costs, improved margins, and market acceptability is being fully justified. The introduction of the new range took longer than expected, and this has been a contributory factor to a sales shortfall in the first half, he says.

Now that the introduction of Powercentre is almost complete, production has significantly improved over the first half, and the board believes that with this new range of products the group will increase its market share even under current difficulties.

He says the board has continued to exercise very tight control over all areas of expenditure with the result that inventory levels at September 30, were well below those reported at March 31, 1980, and borrowing levels are being contained.

During the period under review, the group has established Petbow SA in Paris, a marketing and distribution company, which is planned to increase its penetration of the French market.

• comment

Petbow's pre-tax loss is practically the same as at the half-way stage last year. The final dividend was omitted in July, and it came as no surprise yesterday that the same decision had been taken over this year's interim: the share price remained at 41p. There are signs that trading may be improving, as the new "Powercentre" range of generator sets is nearing full production and the company has begun to re-enter some of its recently lost markets — notably Nigeria and Iraq. It is encouraging that the PDS consortium, of which Petbow is a member, has been awarded a £14m contract for a rural electrification scheme in Nigeria. Even so, Petbow is not expecting to emerge from loss in the current year. Patience is still therefore required from all except the preference shareholders.

Details of LLT's proposed Acorn share exchange scheme

London and Liverpool Trust, an industrial holding company, has sent out full details of proposals under which capital and income holders of Acorn Securities, the near £6m split capital investment trust can exchange up to 25 per cent of their shares for LLT ordinary shares.

Under its articles Acorn is required to call a meeting during 1980 to wind-up the company. But in a pre-emptive move the directors made arrangements with LLT and Britannia Trust Managers which will be put to holders at an EGM on December 30. The LLT proposals are an alternative to a scheme by Britannia under which Acorn and Britannia Shield Trust would be amalgamated.

LLT's basis of exchange is as follows: for every 100 Acorn capital shares, 505 LLT ordinary shares; and for every 100 Acorn income shares, 180 LLT ordinary.

Based on a price of 32p for the LLT shares (the market price at December 16) the proposals represent a price of 161.6p per capital share, compared with an estimated net realisable value on liquidation of 140p—an increase of 15.4 per cent. For the income shares the proposals represent a price of 57.6p each compared with 50p payable by way of return of capital on liquidation —an increase of 15.2 per cent.

Under the Britannia scheme Acorn would be wound-up voluntarily and income shareholders would be paid in cash sums due under the articles. Holders of the capital shares would be issued units in Britannia Shield. The Britannia offer is estimated to be worth 150p per capital share compared with 140p, the net realisable value of the company's assets at December 15, 1980.

BROOKE MARINE COMPENSATION

In accordance with the Aircraft and Shipbuilding Industries Act 1977, the Treasury has issued about £1.25m of 10 per cent Exchequer stock, 1983, as compensation in respect of the unquoted securities of Brooke Marine. This follows an announcement by the Department of Industry and the stockholders' representative on December 11 that compensation had been agreed.

The issue, made at the rate of £100 Exchequer stock per £91½ compensation, will rank for a full six months' interest on June 12, 1981. A special interest payment will be made covering the period from July 1, 1977 to December 12, 1980. The issue is not distinguishable from the existing 1983 Exchequer stock.

The Department of Industry has approved a further payment of £400,000 to Scott Lithgow on account of compensation for shipbuilding nationalisation.

City and Commercial Investment Trust—The Merchant Navy Officers' Pension Fund is the beneficial owner of 302,500 capital shares (8.6 per cent).

East Lancashire Paper Group — Greenbrook Securities has acquired a further 75,000 ordinary bringing its holding up to 865,000 shares (15.37 per cent).

Colonial Securities plan to offset price discount

The Colonial Securities Trust Company, an £8¾m investment trust managed by Drayton Montagu, has devised a new plan which it hopes will reduce the discount between its share price and the net asset value. Following pressure from institutional shareholders, the directors are proposing that deferred stockholders are given an annual scrip issue of preference shares equal in value to the size of the discount at the end of the financial year.

According to Mr. David Stevens, chairman of Colonial, other possible solutions were considered but could not be recommended as "being in the interests of all."

The idea is that at the next annual meeting, to be held in March next year, the directors will propose the issue, by way of capitalising reserves, of enough 70 per cent cumulative second preference shares of 5p each to equal the discount at the end of this month. Further issues of new preference shares will be proposed at subsequent AGMs "to make good the discount (if any) as at the end of the preceding calendar year."

A number of resolutions will be put forward at the 1981 AGM. These will include converting the deferred stock into ordinary shares and subdividing such shares and the unissued shares into 5p shares, making each deferred stock unit equivalent to 5 ordinary shares.

Commenting on the proposals the directors of Colonial argue that the market value of the shares should in future, "very much more closely reflect" the net asset value.

The proposals are accompanied by a declaration that future investment will be concentrated more in the UK. "The overall level of investment in overseas markets will therefore be reduced, although holdings in companies outside the UK will continue to form part of the portfolio."

Furthermore the proposals involve an increase in stockholders' income. An interim dividend of 3.5p per deferred stock unit has been paid and a final of 8p is proposed, making a total of 11.5p (10.5p).

Should the proposals be approved, the directors intend the total dividend in respect of 1981 on 5 ordinary shares (equivalent to one deferred stock unit) to be not less than 15p.

The estimated market value of the new preference shares for the purposes of next year's issue will be calculated by reference to the average yield of investment trust preference shares.

Colonial's share price yesterday increased 25p to 350p where on the basis of Wood Mackenzie's estimated net asset value of 401p yesterday the discount was 12.7 per cent.

Cornell shares drop 18p

SHARES IN Cornell Dresses fell sharply yesterday on the day that Mr. Asil Nadir's Polly Peck (Holdings), which has an option on a large slice of the equity, came out with its formal offer for the company.

The price of the thinly-traded shares dropped by 18p to 57p, valuing Cornell at £1.7m in the market against £570,000 based on the general offer of 19p.

Mr. Nadir took an option on 57 per cent of Cornell's shares held by directors at 19p in September. Mr. Samuel Cohen, chairman of the loss-making company, said yesterday that other shareholders would be able to obtain a higher price through the market, though the Board considered the offer a fair one.

He said the rise in Cornell's shares—late in November, they touched 125p—did not appear justified by prospects, even though Polly Peck intended to boost its exports and productivity.

But he said some shareholders may want to keep their shares in the hope that the link with Poly Peck would be of long-term benefit to Cornell. In the six months to end-June, Cornell made a loss of £53,000; sales since then have been very disappointing.

Polly Peck's offer runs until the afternoon of January 9, 1981. Mr. Nadir intends to maintain the Stock Exchange quotation of Cornell and keep on the existing Board.

TADDALE-CLIFTON INVESTMENTS

Clifton Investments, a small investment trust group, is not going ahead with the reverse takeover of Taddale Properties the property investment subsidiary of Taddale Holdings.

In a joint statement the companies said that the proposed terms — £600,000 by way of an issue of 6m shares—do not fully reflect the relative values of the two companies as a result of certain transactions that have taken place date of the last bala

The directors' state have been unable to new terms that reflect values.

The shares in the which has seen two ma room shuffles in two were suspended early ahead of the announ the proposed acqui Taddale.

Wood & Sons ster losses

REPORTING a turnro pre-tax profits of £217 loss of £288,000 in the to June 30, 1980, the of Wood and Sons (say management accoun third quarter of t indicate that losses h been staunched.

No significant progre expected however u increase in energy has tailed and the high inte and high value of the p reduced to realistic le directors add.

The interim dividend Last year the sole pay an interim 0.7p net wh of £190,000 was incurre full year.

Sales for the six totalled £2.66m (£2.58 profits were struck depreciation, directo muneration, audit fe interest charges amou £250,000 (£163,000).

Tax absorbed £1,000 and the net loss eme £289,000 compared with of £204,000.

Wood and Sons is an i holding company with in earthenware and material manufacture.

Midway los at Trafford Carpets

A pre-tax loss of £10 reported by Trafford (Holdings) for the half September 30, 1980, co with a profit of £29,000 la Turnover was also dropping from £1.75m to

Again no interim divi being paid—no payment made for the whole of la

Two Hawthorn directors raise their holdings

Two directors of R. and W. Hawthorn Leslie, the electrical and engineering concern the subject of an unwelcome bid from Starwest Investment Holdings, the private housebuilding property and electrical group, added to their holdings in the company through purchases in the market on Friday.

Mr. Keith Chapman, managing director, and Mr. N. P. Last each purchased 5,500 shares at 131p each taking their holdings up to 78,000 and 55,500 respectively. Total shareholdings of the board amount to just over 9 per cent.

Starwest also announced yesterday that it had acquired a further 9,400 shares on Friday at 130p taking its holding up to 1,066,850 shares, equal to 39.7 per cent.

Hawthorn, which has already told shareholders to take no action on the bid, expects to be writing to them next week. The shares were unchanged at 132p yesterday.

Major shareholders in the group are M and G Investment Management with 24.6 per cent, Prudential Corporation with 7.7 per cent and Northern Securities Trust with 5.2 per cent.

IBSTOCK JOHNSEN

Ibstock Johnsen has disposed of its loss-making Belgian subsidiary to a consortium representing Belgian private and public sector interests.

The small brick plant at Wanlin in the south-east of Belgium is being retained as a branch of a company in Ibstock Johnsen's Dutch group.

CAPARO/CMT

Caparo Group purchased in the market last Friday a further 100,000 shares in Central Manufacturing and Trading. The price was 50.5p per share, 1.5p above the cash alternative offered by Hanson Trust in its current (rejected) bid for CMT.

Caparo now holds 17.9 per cent of CMT, and is awaiting particulars of CMT's current trading, for which it has asked, before deciding whether to mount a counter-bid. Meanwhile, Caparo has confirmed that it was still prepared to buy CMT shares in the market at "a reasonable price."

TRICENTROL PURCHASE

Tricentrol Trading has acquired Andrew Charles, of Kingswinford. The cost will be related to the net asset value at the 1980 year-end which is expected to be about £280,000.

The purchasing company is a subsidiary of Tricentrol Industrial Corporation, the operating company for all Tricentrol's non-oil activities in the UK.

Andrew Charles, which is a hardware and garden supplier and wholesaler, is being bought from Ash and Lacy.

The acquisition will add a new branch to Tricentrol's trading network of depots throughout England and Wales which delivers hardware and garden supplies to multiples, DIY chains, garden centres and independent retailers, and which is now the largest delivered trade wholesaler in the country.

P. BROTHERHOOD

Shareholders of Peter Brotherhood have approved the increase in authorised capital, the alteration to the articles and the issue of shares to Joseph Winterburn, the wholly owned UK subsidiary of Thermo Electron Corporation.

Provisional allotment letters in respect of the rights issue are being sent to shareholders. The last time for taking up the new ordinary and for payment in full is January 12.

Completion of the agreement with Winterburn, under which Winterburn has subscribed for 316,000 Ordinary shares of Brotherhood at 133.75p each has taken place.

BRITISH STAKE IN U.S. SOFTWARE

London Trust and Automated Security (Holdings) have together subscribed $500,000 by way of ordinary and preferred shares in Megaplex Networks Inc. of Atlanta, Georgia.

The respective contributions of London Trust and Automated Security are $333,350 and $166,650 and their interests in the ordinary capital are 16.7 per cent and 8.3 per cent. In addition, an option has been granted to allow their combined interest to increase up to 40 per cent of the ordinary for a maximum subscription of $500,000 in 1982.

Megaplex has exclusive rights to computer software programmes which enable the central control of remote sites for energy management, plant and security monitoring purposes. Automated Security has been granted exclusive distribution rights for the systems in the UK and selected European countries.

AMERICANS BUY INTO STERLING CREDIT

Telephone Corporation of Atlanta, Georgia, has bought 1m ordinary shares (10.2 per cent) in Sterling Credit Group, for which a financial rescue package was put together in October.

The holding, which cost the company around £60,000, amounts to just over 2 per cent of Sterling's total equity in ordinary and "A" ordinary shares after the capital reconstruction.

Institutions take third of Geo. Philip equity

A GROUP of five leading institutions has bought a third of the equity of George Philip Holdings, one of the world's leading publishers of atlases, maps and maritime charts.

The purchase, costing £500,000, was made through Lovat Enterprise Fund, set up this summer by M. J. H. Nightingale, the financial services group, to identify and invest in unquoted companies. The institutions—the National Coal Board Pension funds, Prudential Corporation, Legal and General Assurance, Equitable Life and Electra Investment Trust—have committed £7.5m to the fund's purchases.

The investment in Philip is the first undertaken by Lovat. Philip, which owns Stanford Maritime, the specialist marine publishers, is primarily known for its atlases and its Stanford map shop. In the last five years its sales have doubled to £8.1m and pre-tax profits have increased from £60,000 to 1975 to £270,000 in 1980.

ALFRED PREEDY

Alfred Preedy's offers for the minority capital of Peter B. Harris have been accepted by the holders of 1,291 ordinary and 4,093 4.9 per cent Preference shares, representing 96.49 per cent and 93.55 per cent respectively of the capital for which the offers were made.

Preedy now owns 49,953 ordinary and 124,718 Preference shares, representing 99.91 per cent and 99.77 per cent.

The offers have become unconditional and remain open. In due course, Preedy intends to acquire compulsorily any outstanding shares.

TARMAC

Tarmac has reached agreement for a consideration payable to Francis Parker for the acquisition of Francis Aggregates and the discharge of bank indebtedness of aggregates amounting to approximately £4.5m, to be satisfied, subject to certain conditions by the issue of 2.31m new ordinary of tarmac.

Robert Fleming and Co. has conditionally agreed to purchase the new Tarmac ordinary and arrangements have been made to place these shares with institutional investors.

It is expected that completion of the acquisition will take place on January 6.

MERCANTILE HOUSE ACQUISITION

In a further U.S. expansion move, Mercantile House Holdings, the international financial services group, has agreed to purchase Justin and Skydell Inc., a Chicago commodity broker, for US$400,000 cash.

The purchase will be carried out by Woodstock Commodities International Inc., the wholly owned commodity broking subsidiary of Mercantile House, and is expected to be completed by January 5, 1981.

Justin and Skydell is a clearing member of the Chicago Board of Trade and is a specialist broker in financial futures. This acquisition will give Woodstock its own presence on the floor of the largest commodities exchange in the U.S. and will significantly increase the coverage of the financial futures markets.

TOM HILL EXPANSION

Tom Hill Holdings is acquiring from Trafalgar Leisure International the capital of Trafalgar Retail Travel which operates nine retail travel agencies located in London and the Home Counties.

Consideration is £825,000 interest free partly convertible secured loan stock 1983 to be issued by Hill. Of the stock £600,000 will be convertible into ordinary 2p shares of Hill on December 31, 1983.

On conversion, the aggregate of the ordinary shares of Hill would increase from 3,130,084 shares at present in issue to 8,130,084 shares and Trafalgar would, as a result, own 61.4 per cent of Hill.

The balance of the stock will be repayable in cash on December 31, 1983. For the year to March 31, 1980, pre-tax profit of the travel agencies was £37,992 and for five months to August 31, 1980, pre-tax profits were £65,638. Profit for 10 months to October 31, 1980, have been warranted at not less than £83,000.

WOODHOUSE & RIXSON

Woodhouse and Rixson (Holdings) has sold the freehold factory at Bull Lane, Wednesbury, Walsall, owned and occupied by subsidiary, Oldbury Trailers, for £680,000 to ICFC Properties.

The consideration is before deducting refurbishment costs to the buildings, required by contract, which are limited to a maximum of £59,000.

Sale is subject to a leaseback by ICFC of a part of the premises, from which the existing business will continue, for 25 years, at an initial rent of £57,150, with five yearly rent reviews.

The proceeds will reduce borrowings, the directors state, and will affect group results beneficially to the extent that the consequent reduction in interest and depreciation exceeds the rent payable.

INGECO LAING

Allied Technology Holding SA has acquired a UK company, Ingeco Laing, from Technology Interfinance Luxembourg.

Ingeco Laing was incorporated in 1977 and until April this year was owned 60 per cent by Technology Interfinance and 40 per cent by John Laing (Overseas). The Laing shareholding in Ingeco Laing was subsequently purchased b Technology Interfinance.

Allied Technology is the Luxembourg parent of a group of operating companies in the process engineering industry. The decision to purchase Ingeco Laing has been made in order to bring Ingeco into the direct ownership of Altech and place it in its proper position within the Altech group.

Attwood board will not accept

In the formal document in connection with the offer by British Car Auction Group for the outstanding shares of Attwood Garages, Mr. Richard Attwood, chairman, says that while the Board considers the offer "fair and reasonable" he points out that since the announcement of the offer of 60p per share the company's market price has been above that level.

Therefore, the chairman says that should holders wish to dispose of their shareholding in the company they may be able obtain a higher price by selling in the market. The shares stood at 68p yesterday.

The offer by BCA at the end of last month follows its acquisition of a 57.14 per cent holding through Attwood Securities, the Attwood family holding company. At the same time Heath and Wiltshire, a company controlled by Mr. T. M. Marriott, who is to become the Attwood chairman, acquired a further 9.91 per cent of Attwood.

The Attwood directors do not intend to accept the offer and will retain their holdings aggregating 61,940 shares (2.95 per cent). The offer will also not be accepted by Heath and Wiltshire.

The document reveals that the trading loss of Attwood had increased to £211,137 in the nine months ended October 31, 1980, on a turnover of £4.29m. This followed a first half loss of £104,224 on a turnover of £2.86m. Mr. Attwood says that trading conditions have continued to deteriorate month by month. The directors consider that "in these abnormal trading conditions additional exceptional provisions will almost certainly be required in an estimated amount of £48,000 to cover reductions in value of vehicles and parts."

COLMORE INVS.

Of the 18.3 per cent holding in Colmore Investments acquired by Nesco Investments earlier this month, 5.5 per cent came from Patrick Motors Group and 11 per cent from Genco Investments.

The sale of shares by these two companies (220,000 and 440,000 respectively) eliminated their holdings in Colmore.

CARRINGTON INV.

As a result of their offer to acquire Carrington Investments' shares, Mr. Robert Orton and Mr. Peter Bevan, directors of Carrington, now own 95.74 per cent of the company's ordinary capital.

BONNERPARK/ROYCO

It was announced on December 2 that terms had been agreed whereby Bonnerpark would offer to acquire the remaining 25 per cent of Royco Group not already owned, at a price of 60p in cash.

The Board of Royco now states that the court processes for implementing the proposal by means of a scheme of arrangement have now commenced, and that the scheme document will be posted to shareholders on December 29.

MANCHESTER LINERS

Manchester Liners has now become a wholly-owned subsidiary of Furness Withy by a court order which became effective yesterday.

As a result, shareholders will receive from F.W. 220p cash for each ordinary share and 61p cash for each preference share. Cheques in settlement will be despatched not later than January 6.

MARDON PKG.

Mardon Packaging International, a wholly-owned subsidiary of BAT Industries, has acquired Erost Hammans GmbH of Duren, near Cologne, West Germany.

Hammans is a manufacturer of folding cartons serving a wide spread of end use markets, and in its last full financial year achieved sales of DM 16m and has net assets of DM 8.7m.

Noranda unit hits at energy policy

By Alan Friedman

CANADIAN HUNTER, the oil exploration subsidiary of Noranda Mines, yesterday announced the completion of "one of its most prolific gas wells drilled to date in the Elmworth area of Alberta." Testing of the well indicates that the well will deliver 67.5m cu ft per day of sweet gas, according to the company.

But Canadian Hunter, which described the Elmworth area as Canada's largest gas field, yesterday used the occasion of the well completion to issue an attack on the "federal energy authorities who insist that no large gas fields have been found in Western Canada."

The company's criticism of the Ottawa Government adds another chapter to the long-running dispute between the two. Earlier exchanges have included hostile remarks by Mr. Marc Lalonde, Canada's energy minister.

Canadian Hunter maintains that the recently-introduced federal budget and national energy policy will have a deleterious impact on investment in oil and gas exploration in Canada.

Mr. Jim Gray, executive vice-president of the company, said yesterday: "This is the first time Canadian Hunter has ever announced a great well with sadness. Canada already has a huge surplus of natural gas and our Federal Government is doing nothing to alleviate the situation."

Mr. Gray claimed that the economics of Canadian natural gas production have been so seriously damaged by the budget and energy programme that "further large-scale development of the Elmworth gas field is virtually meaningless at this time."

The company estimates that Elmworth has a capacity of 2bn cu ft per day against Canada's total production of 7bn cu ft per day. Only 123m cu ft of gas per day is at present being produced at Elmworth.

May stores gain

May Department Stores Company expects a gain of $9m or 30 cents a share in the fourth quarter as a result of a shopping centre transaction with Prudential Insurance Company of America, reports Reuter from St. Louis.

Curtiss-Wright sells stake in Kennecott for $120m

BY DAVID LASCELLES IN NEW YORK

CURTISS-WRIGHT, the New Jersey engineering and aerospace concern which is being sought by Kennecott, yesterday announced details of a deal to dispose of its 14 per cent holding in Kennecott, acquired when it was itself trying to wrest control of Kennecott three years ago.

This adds a further twist to an already tangled saga. But it means that if the deal goes through, Curtiss-Wright will have to withdraw its director on the Kennecott board, who is Mr. Roland Berner, its chairman. Mr. Berner was put on the board as part of the settlement of the original Kennecott-Curtis-Wright battle. But his presence there has been an embarrassing complication to Kennecott's bid for Curtiss-Wright, which was announced last month.

The proposed purchaser of the Kennecott shares is another well-known figure on the financial landscape, Tamco Enterprises, the investing company set up by Mr. Lyman Hamilton, the ousted former chairman of International Telephone and Telegraph.

Under the deal, Curtiss-Wright will swap its Kennecott shares for nearly 3m shares in City Investing which Tamco acquired when it was trying to take City Investing over earlier this year. In addition, Tamco will throw in $57.9m, giving the deal a total value of about $120m.

The values of the shares in the transaction is based on the average closing price of the two stocks for the seven trading days ended December 19. However, the deal provides for the possbile repurchase by Tamco of a quarter of the City Investing shares within one year at a price that will increase gradually as time goes by.

Meanwhile, Curtiss-Wright is also considering a competing takeover offer from Interpace, a large manufacturer of building supplies, which involves an exchange of securities worth slightly more than Kennecott's $40 a share cash offer.

Curtiss-Wright has said Kennecott's offer is inadequate, and a New York court will today hear its request that the offer be preliminary enjoined.

Conoco plans $3bn spending

BY OUR FINANCIAL STAFF

CONOCO, the U.S. oil company which is also engaged in the chemical and minerals industries and has a major stake in the coal industry in the U.S., is planning to spend a record $3bn in 1981 in energy exploration and other projects.

The total represents a 45 per cent increase over Conoco's $2bn spending during the current year and nearly two thirds, or $1.8bn, of the budget will be spent domestically.

Most of the spending will go into exploration for and production of crude oil. At least $450m will be spent in the British North Sea and Norwegian North Sea sectors and some $260m for Canadian projects. Conoco has a 52.9 per cent stake in Hudson's Bay Oil and Gas Company in Canada.

"We can still find oil and gas cheaper than we can buy it," said Mr. Ralph E. Bailey, chairman of Conoco, "furthermore buying existing reserves does not add to anything."

He said that expenditures planned in the U.S. include $945m for petroleum exploration and production, $300m for refining, marketing, supply and transportation projects, about $240m for coal projects, $35m for mineral projects, mainly uranium and about $180m for chemical programmes.

Coal outlays in 1981 will be about 15 per cent higher than this year, Mr. Bailey said, because coal has a "very bright long-term future." Although Conoco's coal division has been sluggish this year, Mr. Bailey said that he expects an increase in exports later in the decade.

The $180m outlay for chemical operations is about twice the 1980 level, he said. "We are in the process of constructing a new detergent alkylate plant in Lake Charles, Los Angeles, and we have approved a 50 per cent expansion in our VCM plant also at Lake Charles and a new high-density polyethylene plant on a new site in Texas." VCM or vinyl chloride monomer is used as feedstock for plastic products.

Bowery Bank sells its stocks

NEW YORK — The Bowery Savings Bank has sold most of the $154m stock portfolio it started in 1980 as an antidote to steep earnings losses and huge withdrawals of funds by customers.

The Bowery, the largest mutual savings bank in the U.S., sold $71m of its securities holdings last week, leaving only $30m in its portfolio. The bank did not announce the securities sales, but confirmed them after Wall Street traders noticed that the Bowery's trading activity quickened sharply last week from the pace earlier this year.

Other New York savings banks, which are also facing earnings declines and deposit withdrawals, said they have considered selling securities to help offset operating losses and shore-up customer confidence.

Mr. Elmer Harmon, the Bowery's treasurer, said the sales, which were made at a profit, are intended to provide the bank with cash to help tide it through the present difficult period. However, he stressed: "We are very confident about our financial viability."

The net worth of Bowery, which has about $5.3bn in assets, is about 5.3 per cent of deposits, close to the industry average.

"We have an earnings need and a liquidity need," Mr. Harmon said. "We have realised some profits on our equities and the bank's earnings slump provides an opportunity to sell this stuff without paying taxes."

He said the Bowery realised about $35m to $40m in profits from the sale of securities this year.

AP-DJ

Jim Walter profits slide in first quarter

By Our Financial Staff

DEPRESSED conditions in the U.S. housing market are continuing to make life difficult for Jim Walter, the Tampa, Florida, building materials group. First quarter profits slipped over 19 per cent, from 1979's equivalent $22.85m or $1.31 a share to $18.45m or $106 a share on turnover just over 3 per cent up from $494m to $509.9m.

There was also an extraordinary gain of $9.5m or 55 cents per share, in the first quarter last year from the sale of the company's Louisiana sugar business.

Mr. James W. Walter, chairman, said that first quarter results reflected continued depressed conditions in the housing industry, along with the generally unfavourable economic environment, increased interest rates and the impact of losses from the company's coal mining and coking operations.

The chairman cited low demand for building products as a result of higher money costs and the adverse impact of inflationary operating costs on profit margins as the principal contributors to lower income and margin levels of the mineral and fibre and the metal and wood products groups which primarily serve construction markets.

The homebuilding group turned in an improved performance, outpacing last year's sales and income. Unit sales totalled 2,483 against 2,407 previously. However, new-order backlog has fallen behind year-earlier levels due to the poor economic environment.

Whittaker lifts earnings by 23%

By Our Financial Staff

WHITTAKER, the international manufacturing and service group which in March acquired General Medical Corporation, the second largest U.S. distributor of medical supplies and equipment, notched up a 23 per cent increase in annual earnings but reveals that growth slowed in the final quarter.

Net earnings for the three months ended October 31 amounted to $16.42m, or $1.09 a share, compared with $15.29m or $1.07 for the same period of 1979. Revenues for the quarter advanced 35 per cent, from $295m to $399.6m.

Annual earnings totalled $57.5m or $3.90 a share against $46.77m or $3.28 a share on revenues up 30 per cent to $1.4bn from $1.07bn.

The 1980 figures include results of General Medical from March 31 last.

Whittaker's five main business segments are metals, technology, life sciences, marine and chemicals. At the nine-month stage, gains in life sciences, technology and chemicals outweighed declines elswhere.

French stake for CBI Industries

By Paul Betts in New York

CBI Industries, the Illinois-based manufacturer of large metal-plate products, structures, and systems including tanks for the refinery business, has made an offer to acquire certain assets of the French metal manufacturing concern, Construction Metalliques de Provence.

CBI said the offer had been made by its Chicago Bridge and Iron Company subsidiary and included the acquisition of some of the assets of the French company's troubled subsidiary, CMP Enterprise Industriel. The U.S. group said it intended to continue to operate the French company's tank-building and pressure-vessel manufacturing operations if the deal went through.

Growth slows at Black and Decker

By Our Financial Staff

BLACK AND DECKER Manufacturing, the largest manufacturer of portable power tools, may have trouble showing year to year gains for its first fiscal half ending in March, according to Mr. Francis P. Lucier, chairman and chief executive. The company reported net earnings for the six months ended last March of $53.45m or $1.27 a share on sales of $780.3m.

Mr. Lucier said recessions in the U.S. and Europe (the group derives over half of its earnings from international operations) have slowed the toolmaker's growth in those markets in recent months.

For the year ended September 30, Black and Decker reported a net income of $90.1m, $2.14 a share, down from $94.4m or $2.25 a share a year earlier. Sales in 1980 were $1.4bn, compared with $1.2bn in 1979.

$70m Eurobond issue for Gaz de France

BY FRANCIS GHILES

A BOND of $70m carrying a coupon of 13¼ per cent was launched last night for Gaz de France by Societe Generale. This issue, which has been "bought" by the manager, includes a bullet maturity of five years and a price of par. There is no underwriting group, only a selling group.

The prices of some fixed interest dollar bonds leaped forward by more than 1½ points yesterday as the fever that had gripped bond houses which were still open and was already in evidence of Friday continued. Many of these rises are explained by investors seeking bonds from dealers who have virtually no paper on their books.

The fall in the prime rate of one smaller U.S. regional bank and the sharp fall in short-term Eurodollar rates—the three-month rate fell 1¼ per cent to 18¼ per cent—fuelled further hopes that U.S. interest rates had already peaked.

In Germany, leading banks are expecting any day to receive confirmation in writing from the Bundesbank of the "gentleman's agreement" reached last week which effectively restricts the volume of foreign Deutsche Mark bonds they will float in the first few months of 1981.

The moratorium on new issues which was decided at by the German Capital Markets Sub-committee meeting last November, and extended about two weeks ago, thus continues: the only exceptions will be a few supranational borrowers and the odd borrower where the lead manager can satisfy the Bundesbank that the paper is being placed outside Germany. One such issue has just been completed for the Industrialisation Fund of Finland: a DM 10m seven-year private placement which carries a coupon of 9¾ per cent and a price of par. Lead manager is Westdeutsche Landesbank.

Yugoslav borrowing tops $2bn

BY PETER MONTAGNON

THE NATIONAL BANK of Yugoslavia yesterday signed a $400m loan agreement with a group of more than 50 international banks bringing the total it has raised abroad this year to over $2bn.

After the signing ceremony the Bank's governor, Dr. Ksente Bogoev, said the $2bn total does not include a major financing package currently being prepared by German banks.

This package, amounting to some DM 1.4bn, alongside other borrowings being negotiated with Swiss and Italian banks, will go towards next year's requirements, he said.

The loans are intended to finance Yugoslavia's balance of payments deficit which has fallen to some $2bn this year from $3.7bn in 1979. The deficit is expected to fall to about $1.8bn in 1981 and the country's financing requirement therefore should be slightly lower.

Dr. Bogoev said the borrowing strategy for 1981 was still rather flexible. Yugoslav commercial banks, which have recently been out of the market for untied financial credits, may be permitted to resume such borrowing, but international bankers say that such a development would be unwelcome because it would be harder to operate an orderly borrowing programme on this basis.

The bankers also expressed some reservations on Yugoslavia's ability to reduce its payments deficit further next year. Efforts to do so could be undermined by high interest rates on existing foreign debt, higher oil prices and any recovery of personal consumption in Yugoslavia which has been severely curtailed this year.

Dr. Bogoev disclosed that Yugoslavia's total external debt at the end of 1980 is estimated at some $14.3bn. Debt servicing this year took some $3.2bn, a figure which is likely to remain about unchanged in 1981 provided there is a substantial decline in international interest rates.

The $400m credit has seven-year maturity and is priced at a margin of 1½ per cent over Libor or 1¼ per cent over U.S. prime.

Lead managers were Bankers Trust, Bank of Tokyo, Barclays, Chase Manhattan, Citicorp, Lloyds Bank International, Manufacturers Hanover, Moscow Narodny, National Westminster and Royal Bank of Canada (London).

● Chile's electric utility Endesa is raising a $120m eight-year Eurocredit through a group of international banks to help finance its investment programme for 1981.

The credit carries a margin of ⅞ per cent over Libor for the first four years of its life, rising to ⅞ per cent for the remaining four. A grace period of 4½ years has been agreed.

The mandate for the credit has been awarded to a lead management group comprising Banque de la Societe Financiere Europeenne as agent, Bank of Montreal, Cie Luxembourgeoise de la Dresdner Bank, National Bank of Canada and Sumitomo Bank, which will handle the syndication with Japanese banks.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Monday, January 12.

Closing prices on December 22

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CECA 11½ 88	100	82⅝	92⅞	+2⅛	+2⅛	13.08
CFE 13 87	75	†90	90¾	+0¼	+2½	15.34
Citicorp O/S Fin. 10 86	300	87⅛	87⅝	+2½	+3¾	13.33
Citicorp O/S Fin. 12 87	200	94½	95	+2⅜	+3½	13.19
Con. Illinois O/S 9¾ 86	150	86	86½	+2⅞	+3⅜	13.39
Denmark 11¾ 90	100	88⅜	89⅛	+0⅛	+0⅛	13.90
Osme Petroleum 13½ 92	50	98⅞	99⅜	+1⅛	+3⅛	13.82
EEC 11 85 (May)	75	85⅝	86⅛	+1⅞	+2⅜	13.31
EEC 11 95 (August)	70	†84¾	85¼	+2⅜	+3	13.41
EIB 13¾ 90	100	100½	101	+3⅛	+3¼	13.66
Eksportfinans 9⅛ 87	75	82½	83	0	+0½	13.80
Elec. de France 10 88	125	85¾	86¼	+3⅛	+2⅛	12.99
Export Dv. Cpn. 12¾ 87	100	97⅞	98⅜	+2⅞	+3⅜	13.16
Export Dv. Cpn. 9½ 86	150	85	85½	+2⅝	+2	13.72
Fed. Dev. Bank 12¾ 85	75	†95½	96	+2	+2⅛	13.54
Fin. Exp. Credit 10½ 85	50	88⅛	88⅝	0	+1⅛	14.09
Finland, Rep. of 9½ 86	100	81⅛	81⅝	−0⅛	0	14.79
Ford Credit O/S 14⅝ 83	150	98⅜	98⅞	+0⅞	+1⅛	15.10
Ford O/S Fin. 12⅝ 85	250	89⅜	89⅞	+0⅜	+0⅜	16.01
GMAC O/S Fin. 13⅜ 85	100	86½	87	+0½	+0⅜	14.37
GMAC O/S Fin. 12 87	100	93⅛	93⅝	+3⅛	+3¼	13.49
Gen. Mtrs. O/S 11¾ 87	100	91⅜	91⅞	+2⅜	+3⅜	13.69
Goodyear O/S 12½ 87	75	*93	93½	−0⅛	+0⅛	14.11
Hudson's Bay 11½ 90	75	88⅞	89⅜	+2½	+3	13.57
IBM Canada 10¼ 85	50	96¾	97¼	+1⅛	+2½	11.34
Int. Harvester 12¾ 85	115	†95½	96	+1⅛	+0⅞	14.00
J. C. Penney Int 12⅜ 88	100	*94¾	95¼	0	+0½	13.70
McGraw 13⅛ 85	75	*96	96½	+0⅛	0	14.65
NorWest Ind. 13⅝ 87	50	†96½	97⅛	+2⅛	+1⅛	14.35
Nova Scotia 10¾ 90	50	85⅞	86⅜	+1	+2⅜	13.37
OKB 10 85	50	89	89½	+0⅛	+2	13.24
Pemex 11½ 88	100	86⅞	87⅜	+0⅜	+2⅛	14.37
Quebec Hydro 11½ 92	100	87⅛	87⅝	+2⅜	+2⅛	13.71
Repsteel O/S 11½ 88	100	†84¼	84¾	+1⅛	+2¾	15.09
Royleese 11⅛ 85	60	92¼	92¾	+0½	+1⅞	13.53
SNCF 12⅞ 85	50	98	98½	+2⅞	+1⅛	12.96
Sweden 12½ 85	150	95⅜	96⅛	+2⅞	+3⅜	13.57
Swed. Ex. Cred. 12½ 85	40	†95	95½	+1½	+2⅜	13.97
Swed. Ex. Credit 12 83	50	95⅛	95⅞	+2	+2⅜	13.95
Transamerica 12⅜ 83	50	†96½	87	+2½	+2⅞	13.79
Unilever NV 9¾ 90	100	81¾	82¼	+0½	+1⅛	13.11
World Bank 8¾ 85	200	88⅛	88⅝	+2⅜	+2⅜	13.31
World Bank 10⅝ 87	300	86½	87	+2⅞	+2⅜	13.40

Average price changes... On day +1⅞ on week +2⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅜ 90	100	91¾	92¼	+0½	+0½	8.62
Australia 8⅛ 90	250	95⅝	96⅛	+0⅜	+1⅛	8.85
Austria, Rep. of 8¼ 92	150	92⅞	93⅜	0	+0⅛	9.28
BFCE 8⅛ 95	100	89⅝	90⅛	0	−0⅛	9.47
CECA 7⅞ 92	190	91	92	+0⅛	+0⅛	9.07
CII-Honeywell 8⅛ 90	125	93	93¼	−0½	−0⅛	9.44
Denmark 8⅛ 92	100	93⅞	94⅜	0	+0⅛	9.09
EIB 8½ 90	200	95⅞	96⅜	+0⅛	+0⅛	9.15
ESCOM 9¾ 87	100	97⅛	98½	+0½	+0⅛	9.65
Iberduero 6A 8 90	100	96	96½	+0⅛	+0⅛	9.58
Ind. Bk. Finland 8½ 90	50	93⅜	94⅛	+0⅛	−0⅜	9.50
Japan Air Lines 8⅛ 87	100	94⅞	95⅞	+0⅛	+0⅜	9.05
Japan Dev. Bk. 7⅜ 87	100	91⅞	92⅞	+0⅛	+0½	9.19
Kobe, City of 8 90	100	92	93	−0⅜	−0⅛	9.20
Midland Int. Fin. 8½ 90	180	95⅜	96⅛	+0⅛	+1	9.16
Norway 7½ 85	250	95⅞	96⅜	+0⅛	+0⅛	9.63
Nuclebres 9⅜ 88	100	91⅞	92⅞	−0⅛	−0⅜	11.26
OKB 8¼ 92	190	91⅛	91⅞	0	+0⅛	9.48
Oslo, City of 8⅜ 90	80	98⅜	98⅞	−0⅛	+0⅜	8.99
Venezuela, R. of 9¼ 90	150	96½	97½	+0½	+0⅜	10.24
World Bank 8 90	700	91⅜	92⅜	−0⅛	+0½	9.26
World Bank 10 86	150	103¼	104½	−0½	+0⅛	9.00
World Bank 10 90	200	105	106	−0½	+1	9.09

Average price changes... On day 0 on week +0½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria, Rep. of 5½ 80	100	94⅞	95⅜	+1⅛	0	6.07
Bayer Int. Fin. 5¼ 92	100	98¾	99½	+0½	−0⅛	5.32
Bergen, City of 6 90	50	100¼	100½	+0⅛	0	6.94
Buhrm'n-Tetterode 7 90	40	103½	103¾	+0⅛	−0½	6.46
Copenhagen Tele. 5⅜ 90	80	92⅞	93⅜	−0½	0	6.75
Denmark 5¾ 90	80	93	93¼	−0⅛	−0⅛	8.74
EIB 4½ 94	100	85	85¼	+0⅛	−0⅜	6.00
Elec. de France 5¼ 90	100	98½	98¾	+0⅛	+1⅛	5.43
Eurofima 5¼ 92	80	101¼	101½	−0⅛	−0⅞	5.58
F. G. H. Hypo. Bk. 6 90	50	†102	102½	+2	+2½	5.68
Finland, Rep. of 5⅜ 90	80	93	93¼	+0½	+0⅛	6.60
GZB 4¾ 89	100	85¾	86	−0½	−1⅛	8.39
Int.-Amer. Dev. 7 90	80	104¼	104½	+0⅛	−0⅛	6.35
Japan Dev. Bk. 5¾ 90	100	100⅞	101⅛	+0½	+0½	6.61
Jutland Tele. 5½ 90	50	95¼	95½	+0½	+0⅛	6.17
Mt. Blanc Tunnel 5½ 90	80	97¼	97½	+0⅛	−1¼	6.86
Newag 5¾ 90	80	99¼	99½	+0½	+1	5.83
Nippon Tel. & T. 4½ 89	100	89¼	89½	+0⅛	−0⅞	5.83
Norges Komm. 4¾ 91	100	†85¾	85¾	+0⅜	+0⅛	6.26
OKB 4¾ 91	100	85⅞	86⅛	+0⅛	+0½	8.19
OKB 9 90	100	100⅝	100⅞	+0⅛	−0½	5.89
Oslo, City of 4⅞ 91	100	85¼	85½	−0⅛	+0⅛	6.29
Oslo, City of 5⅞ 90	80	100⅛	100⅜	+0⅛	−0⅛	5.84
Philips Lamps 5⅛ 92	100	95¾	96½	+0¼	+0½	5.80
Sekisui Pre. Hms. 9 90	80	99⅞	100⅛	+0⅜	+0⅛	5.99
Shikoku El. Pwr. 4¾ 89	100	91	91¼	+0⅛	+0⅛	6.09
Trade Dev. Fin. 6¾ 90	50	96½	96¾	+0⅛	+0⅜	8.80
Voest-Alpine 6¾ 90	80	96⅞	97⅛	+1½	+1¼	6.16

Average price changes... On day +0½ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	89½	90½	0	−0⅛	9.79
Australia 6½ 88	20	85⅞	86⅞	0	−0⅞	9.13
EIB 7¾ 89	12	92⅜	94⅛	−0⅛	−0⅛	8.86
Finland 6.6 83	10	88⅞	89⅞	−0⅛	−0½	10.01
Finland 6.8 88	10	85¼	86½	−0⅛	−0½	9.86
Finland, Rep. of 8½ 87	15	94⅞	95⅞	−0⅞	−0⅜	9.34

Average price changes... On day −0⅛ on week −0⅜

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¼ 96 C$	60	88⅞	90⅛	−0⅛	−0⅞	13.45
CIBC 13½ 85 C$	50	†95½	96¼	0	−1	14.77
CIBC 11½ 85 C$	60	†90¼	91	0	−0⅛	14.38
Federal Dev. 11½ 90 C$	80	†84¼	85	−0⅛	−0⅛	14.54
Fst. Can. Inv. 10 84 C$	50	†87¾	88½	0	+0⅜	14.62
R. Bk. Canada 10 86 C$	40	87	89	0	−3¼	13.21
Tordom Cpn. 13½ 85 C$	30	†96¾	97½	0	+0⅛	14.26
M. Bk. Dnmk. 8 91 EUA	25	91½	93	−0⅛	−0⅛	10.26
SOFTE 8¾ 89 EUA	40	87½	88¼	+0⅛	+0⅛	10.44
U. Bk. Nrwy. 9½ 90 EUA	19	99¾	101	0	0	8.43
Bk. Mees & H. 10 85 Fl	75	100½	101	+0½	+0⅛	9.75
F. G. Hypo 9¾ 87 Fl	90	94¼	94¾	0	0	10.93
Heineken NV 10 87 Fl	75	97½	98	+0⅛	+1⅛	10.46
Nat. Inv. Bk. 10 87 Fl	75	96	96¼	+0½	+0⅛	10.77
Nat. Neder. 9½ 87 Fl	90	94½	95	+0⅛	+1⅛	10.62
Ned. Midd. Bk. 10 85 Fl	75	100⅞	101⅜	+0⅛	+0⅛	9.67
Aero Paris 13⅛ 87 FFr	150	95¾	96¾	0	−0⅛	13.98
Charb'nages 13⅞ 85 FFr	400	98¾	99¾	+0⅛	+0⅛	14.09
CECA 14¾ 86 FFr	150	100	101	+0⅛	−1	14.06
Finland 11 84 FFr	80	89⅛	90⅛	0	−0½	14.61
Finland 11½ 89 FFr	70	84½	85½	0	−0⅞	14.70
Gaz de France 11 84 FFr	150	90¾	91¾	+0⅛	−0⅞	14.06
Renault 9¾ 86 FFr	100	82¼	83¼	−0⅛	−3	16.23
Solvay et Cie 9¾ 87 FFr	125	78⅛	79⅛	0	−1⅛	15.13
Utd. Mex. Sts. 14 85 FFr	150	97⅜	98⅜	0	−0⅛	14.53
Acona 14 85 £	20	94⅞	95⅞	+0⅛	+0⅛	15.39
Beneficial Fin. 14½ 90 £	20	92¾	93½	0	0	15.64
Beneficial Fin. 14¾ 90 £	20	93	94	—	—	15.57
BNP 13½ 81 £	15	94½	94⅞	+0⅛	+0½	14.56
CECA 13½ 88 £	20	94	94¾	+0⅛	+0⅞	14.73
Citicorp O/S 13½ 90 £	50	93⅜	94⅛	+0⅛	+1½	14.72
Fin. for Ind. 14½ 88 £	20	99⅜	100⅛	+0⅛	+0⅞	14.46
Fin. for Ind. 13¾ 87 £	20	95½	96⅛	+0⅛	+0⅜	14.74
Gen. Elec. Co. 12½ 89 £	50	91½	92¼	+0⅛	+0⅞	14.12
Peugeot SA 14 90 £	23	93¾	94½	+0⅜	+0½	15.13
Rothschild 14¼ 90 £	12	96⅛	96⅞	+1½	+2⅜	14.91
Swed. Ex. Cr. 15¼ 85 £	20	100⅜	101½	+0½	+0¼	14.80
Banobras 8¾ 90 KD	7	†86⅜	86⅞	0	0	10.56
CCCE 8½ 91 KD	10	†75⅞	76⅜	0	0	12.34
Sonatrach 8½ 90 KD	12	†87⅜	87⅞	0	0	10.65
Akzo 9¼ 87 LuxFr	500	88⅜	89⅜	−0½	−1¼	11.63
Euratom 9¾ 88 LuxFr	500	93⅛	94⅛	+0⅛	−1	11.10
Eurofima 10½ 87 LuxFr	500	98⅛	99⅛	−0½	−0⅞	10.78
EIB 9¾ 88 LuxFr	600	95⅜	96⅜	−0½	−1½	10.60
Volvo 9¾ 87 LuxFr	500	90	91	0	−1⅞	11.83

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bank 5¼ 87	0¼	†98⅜	99⅛	2/1	10.44	10.54
Bk. of Montreal 5¼ 90	0½	99⅝	99⅞	18/6	5¼	5.28
Bank of Tokyo 5¼ 89	‡0⅛	97⅝	97⅞	25/4	13.94	14.30
BBL Int. 5 88	0¼	†97⅞	98⅛	20/5	16½	16.84
Barclays O/S Inv. 5 90	0½	*†99	99½	13/6	20¼	20.28
Bergen Bk. A/S 6 88	‡0¼	*†97⅜	85⅜	29/2	19.18	18.56
BNP 5½ 88	0⅛	98	98½	29/1	14.44	14.70
CNT 5½ 86	§0¼	96½	87	16/4	13¼	13.70
Citicorp O/S F. 84	‡0	†99¼	99¾	29/2	17⅞	17.96
C. Itoh 5¼ 87	0¼	†96¼	96¾	18/3	12⅞	13.34
Co-operative Bk. 6 86	0¼	†98	98½	15/5	15¼	15.52
Den Norske Credit 5 90	0½	†97¼	97¾	5/2	16⅛	16.16
Genfinance 5¼ 87	0¼	97⅜	97⅞	30/4	15⅞	16.53
Giro-und Bank 5¼ 91	0¼	97⅞	98⅜	23/3	5¼	5.35
GZB 5½ 89	‡0¼	†97	97½	1/2	15.06	15.49
Jugobanka 9 89	0⅞	91	93	23/5	16⅝	18.21
Ind. Bank Japan 5¼ 87	0¼	96⅜	97⅛	15/4	13.31	13.72
Ind. Bank Japan 5¼ 88	0¼	96⅜	96⅞	9/4	13⅛	13.58
Lloyds Eurofin 8 90 £	0½	93¾	94¼	3/1	15⅝	16.76
Lloyds Eurofin 5⅜ 92	0¼	97⅛	97⅝	4/6	17¼	17.87
LTCB Japan 5¼ 86	0⅛	100⅜	100⅞	13/6	20.19	20.06
Man. Hanov. O/S 5¼ 94	‡0⅛	97⅝	98⅛	29/2	18⅛	18.52
Midland Intl. Fin. 5 88	0¼	†99⅞	100⅜	30/12	8½	9.49
Midland Intl. Fin. 5¼ 92	0½	96½	87	5/6	17.19	17.75
Nacional Fin. 6¼ 88	0¼	97⅛	97⅞	25/1	9.69	9.92
Nat. West. 5¼ 94	§0¼	95½	96	14/4	13¼	13.84
Nat. West. 5¼ 92	§0¼	95½	96	23/4	13.69	14.30
Nippon Credit 5¼ 87	‡0¼	†97⅞	98⅜	6/2	16.00	16.37
Standard Chart. 5¼ 90	0¼	96⅛	96⅝	6/3	12.00	12.52
Svenska Hndlsbk. 5 87	0½	98¼	98¾	16/1	10	10.15
Bq. Ex. d'Alg. 4¾ 89 SF	0½	†86½	87	18/12	6⅛	7.00

Average price changes... On day +0⅛ on week +0⅜

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. 9 95	4/81	23.12	103	104¾	—	33.13
Canon 6¾ 95	1/81	829	112⅝	113⅝	+0⅞	2.37
Credit Suisse 4¾ 93	10/79	1278	†109	111	+1¼	−4.42
Digicon Fin. 8½ 95	10/81	29.5	†102	103½	+7½	−0.82
Enserch Fin. 9½ 94	7/80	80.25	170	171	+5⅜	−1.74
Hanson O/S Fin. 9½ 95	1/81	1.92	94½	95½	+0½	−5.39
Ina Overseas 8¾ 2000	4/81	42	†99½	100	+0¼	7.42
Inchcape Ltd. 9 95	2/81	4.86	92¼	93½	−0½	−4.66
Jaccs 7½ 95	11/80	565	107⅜	108⅜	+0½	3.12
Marion Int. Fin. 8 85	12/80	23.25	†107	108½	−1½	−2.71
Matsushita El. 7½ 95	11/80	649	98¾	99¾	+1⅛	19.59
MEPC 8¼ 96	2/81	2.47	91⅞	92¾	+0½	4.66
Niigata Eng. 7½ 96	1/81	327	91½	92½	+0⅛	−3.54
Nissho-Iwai Co. 8 96	10/80	398	89⅛	90⅛	+0⅛	−3.62
Ricoh 6¾ 95	8/80	604	104⅝	105⅝	+0½	−3.49
Sumitomo M. Ind. 7 95	2/81	181	99½	100½	+0½	−2.19
Swiss Bk. Cpn. 6¾ 90	8/80	200	†93	94	+1⅛	8.63
Taylor Woodrow 8¾ 90	1/81	4.94	91¼	92¼	0	7.15
Transco Int. 8¾ 95	2/81	68	†95	96½	−1	19.52
Tricorp 8½ 95	12/80	31.25	†98	99½	−1¼	5.50
Union Bk. Switz. 6 89	2/80	121.4	†89	90	+2	−10.89
Fujitsu 5 84 DM	7/79	431.5	130	131	+0⅛	−1.30
Sharp Cpn. 6½ 85 DM	9/80	585	125⅞	126⅜	+0½	−1.82
Uny Co. 6½ 85 DM	11/79	967.3	100½	101½	−0¼	0.33

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Manufrance break-up sanctioned by court

By Terry Dodsworth in Paris

FOLLOWING innumerable failed rescue attempts for Manufrance, the diversified French manufacturing and retailing group based in St. Etienne, the way has been cleared for the break-up of the company by a court decision on the sale of two of its most important assels.

According to tbe local commercial court, Manufrance can now go ahead and sell its mail order business and its celebrated sporting life magazine, the Cbasseur Francais.

The mail order division is already well on the way tn being disposed nf under a leasing-type cootract which will cost the buying company about FFr 30m ($6.7m). Tbe Chasseur Francais will also be sold for around FFr 75m under a similar transaction if a buyer can be found at this figure before the end of January. Besides setting this date for a deal nn the magazine, the court is insisting that it cannot be bougbt by any company related tn the present sharebolders of Manufrance.

Although the unions are alreedy protesting about this break-up plan, M. Bernard Tapie, chairman nf Manufrance, says that the aale of the two divisions is essential.

The Chasscur Francais, once one of the most successful monthly magazines in France, is now losing FFr 2m a montb, after a 25 per cent fall in advertising during the last year, be says. Its circulation has also dropped, from about 850,000 to 500,000, but it is a mucb-sought-after title, and Manufrsoce is not likely to have great difficulty in selling it.

Unless last-ditch union opposition to the court decision can prevent the sale of these two divisions—and the nnions have beeo staging sit-ins at the plaot —the St. Etienne company could now be steadily dismantled. But the Manufrance situatinn remains highly political and there may be further maooeuvres to keep it in its present shape, particularly, as now, in a presidential electinn period.

Major German textiles group to stop trading

BY JONATHAN CARR IN BONN

VAN DELDEN group, one of the biggest and oldest of West German textile concerns, is giving up business following lhe refusal of creditors to underwrite a new plan to try to keep the company alive.

The official request by Van Delden for the opening of settlement proceedings marks the end for a family-controlled concern with more than a century of history, which reached the high point of an ill-fated expansion programme in the mid-1970s.

With a turnover in 1976 of DM 756m and a labour force totalling some 6,300, the group —based in North Rhine-Westphalia—was producing results whicb were well above the average for the West German textile industry.

Since then sales have dropped tn about DM 300m, and the group loss this year is understood to bave more than doubled from 1979's DM 10m. The accumulsted loss is believed to total about DM 80m.

Not only was Van Delden hard bit like most of the domestic textile sector by competition from cheap imports, it also appeared to bsve launched its expansinn from too small a capital base—and members of the Van Delden family were not always at one on business strategy.

The upsbot was a liquidity crisis in 1978 but the group overcame this with belp from major banks and with provincial state guarantees. A rationalisation programme then brought tempnrary improvement.

But recent efforts to find a new partner ready tn inject new capital into the ailing cnncern bsve proved fruitless. And with the wbole textile industry beading for another tough year (industry orders in October were 6 per cent down on September) the group's creditors were not ready to provide new support.

● Nixdorf Compnler, the West German office equipment and data processing group, sees 1980 world group turnover rising more than 20 per cent, according to Herr Klaus Luft, deputy maoaging board chairman.

He said that the year "bad not been unsatisfactory" but gave no specific estimates of 1980 profit after a world group net profit of DM 85m in 1979.

The current year bad been one of investment, Herr Luft said, and the company bad achieved a 40 per cent increase in production capacity through plant expansion

BBC Brown Boveri buys Gould stake in offshoot

BY JOHN WICKS IN ZURICH

SWISS ENGINEERING group BBC Brown Boveri bas purchased Gnuld Inc's 50 per cent stake in Gnuld-Brown Boveri for around $31.5m.

Gonld-Brown Boveri, which will be renamed Brown Boveri Electric, was formed as a joint venture by the two cnmpanies last year. Employing some 3,600 persnns, it manufactures and markets electrical-power distribution and transmission equipment and has its own research facilities. The takeover excludes the naval circuit-breaker and switchgear nperations based in Pennsylvania, which will be absnrbed by Gould.

At the same time Brown Boveri has signed a declaration of intent with the French company, Almants Ugimag, a subsidiary of tbe Pecbiney-Ugine-Kuhlmann, by wbich it will make over its activities in the field of rare earth/cobalt magnets.

Ugimag will set up a Swiss subsidiary to continue production and will also take over BBC's interest in the American company, Brown Boveri-Recoma. Detsils of the transactinn are still the subject of negntiatinns. A final agreement is expected next mnnth.

● Hoffmann-La Roche says its Belgian subsidiary, Citrique Belge, is in a "critical condition." The company, whicb manufactures citric acid, bas incurred an accumulated loss of about BFr 250m ($7.78m) or more than half of its capital.

The company will bave to be radically reorganised if it is not to go into liquidation, according to a Rocbe statement. Any further financial support would bave to be accompanied by moves to cut back on the payroll, says the parent company, which indicates that it would need to reduce the present 736-man labour force by about 200 jobs.

Rocbe acquired almost 98 per cent nf Citrique Belge's shares in 1977. It bas since spent nearly BFr 300m ($9.34m) on operational investments, as well as increasing company capital by BFr 154m ($4.79m) to BFr 350m at the start of this year.

Stena bid to tighten grip on Sessen

By Westerly Christner in Stockholm

STENA LINE npens negotiations today with Tor Line aimed at acquiring Tnr's 38 per cent sharebolding in Sessen Line, which operates between Sweden, Deamark and Germaoy.

In the face of a counter offer from the Lsuritzen group, Stena succeeded last week in purcbasing a controlling interest in Sessen with a bid wbicb, on average, totalled SKr 475 ($107) a share.

Tbe Swedisb state railways bas decided to retain its 10 per cent interest in Sessen.

Tor said it was interested in striking a deal with Stena whicb would "involve DFDS or Lion Ferry." Lion Ferry, owned by tbe Swedish Bonnier Group, also operates in Kattejstt traffic.

It is nnderstood Tor would be willing to sell its sbares in Sessen provided agreement could be reacbed with the otber shipping companies involved in both Nortb Sea and Kattejatt routes.

Assets boost at Austrian bank

By Paul Lendvai in Vienna

THE VIENNA-BASED Ceotral Savings Bank estimates 15 per cent growth in assets for last year and says its consolldated balance sbeet has for the first time surpassed Sch 100bn ($7.2bn).

Dr. Karl Vak, director-general and chairman of the board stressed that foreign business now accounts for some 20 per ceot of tbe assets, against 16 per cent in 1979 and 13 per cent in 1978.

However, profits continue to deteriorate. Dr. Vak sald the pressure on earnings was reflected in the balving of operating revenues from Sch 200m to Sch 100m for 1980. As a result the bank will reduce its investments next year by one-third and will impose a freeze on new employment.

The bank nperates 97 branches in Vienna and 49 in the provinces. The pace of setting up new branches will be reduced with only five or six new branches planned in 1981.

Dutch banking takeover

By Our Financial Staff

NEDERLANDSE CREDIETBANK (NCB), the fifth largest Dutch bank has signed an agreement to take over Asien Parzifik Bank (APB) of Hamburg, West Germany.

APB has a balance sheet total of about DM 180m ($91m) and a placed capital of DM 20m, according to NCB. The German bank, whicb employs 34, was owned by Bayerische Landesbank and Hamburgische Landesbank, each holding 50 per cent of its share capital.

APB will carry on its activities under the new name of Nederlandse Credietbank (Deutschland).

Nedlloyd bid move

Koninklijke Nedlloyd expects a decision on whetber it will go ahead with its planned public bid for the outstanding sbares of the KNSM group to be made nn January 5.

Wages pact lifts threat of closure at El Al

By L. Daniel in Tel Aviv

EL AL ISRAEL Airlines has been saved from the threat of closure in a last minute agreement signed between the management and 11 of the 13 works committees yesterday. The latter agreed to forgo the 7.5 per cent wage rise accorded to other sectors of the economy; to the lay-off of 700 employees; and to extend unpaid leave for other workers who would have to be laid off otherwise, as well as to the right of the management to the final word in appointments.

It is expected that the measures will save the airline $25m a year.

The 1980 loss is estimated at $100m, and the Government, which controls the airline had threatened not to furnish further funds, even for payment of salaries. It had also refused to permit the airline to take up an option for four Boeing 767s to replace its current high fuel consumption planes. The option expired last week, but Boeing may accommodate the airline which would otherwise have to go to the end of the queue.

COMMERZBANK MANAGEMENT

Lichtenberg back to find an heir

BY KEVIN DONE AND STEWART FLEMING IN FRANKFURT

THE FORMER chief executive of Commerzbank, Herr Paul Lichtenberg, 69, who this week was pressed back into service in his old joh because of the resignation of Herr Robert Dhom, is under no illusions that his main task is to find a new chief executive who can lead the bank through the 1980s.

Mr. Dhom, who succeeded Mr. Lichtenherg as chief executive in 1976, has been forced to retire because of a heart attack in the summer. He only returned to work in November. It was already clear then that Commerzbank was heading for perhaps the worst profits performance by a major German commercial bank since the Second World War.

Commerzbank has, however, discovered how difficult it will be to find the sort of hanker it will need to fill the job of chief executive. Herr Lichtenberg, can play only a caretaker role —for a maximum of one year under German Law, hecause he was already chairman of the bank'a supervisory board.

Earlier this week it seemed that Commerzbank had lined up the right man to succeed Herr Dhom for the long term, when it was strongly rumoured that Dr. Walter Seipp, vice-chairman of the powerful Westdeutsche Landesbank, would be announced as his successor. But it appears that West LB haulked at the 11th hour at the prospect of having a man of Dr. Seipp's talents heading one of its most powerful competitors.

In these days, when a major international bank such as Commerzbank, which has assets of more than DM 100hn, chooses a chief executive, ideally it has to find a man with some special and specific qualities, more so when the new man is coming into a difficult situation.

Dr. Seipp, who is generally credited with making WestLB the force it is in international banking, had risen to become an assistant general manager at Deutsche Bank, where he was prohahly headed for membership of the hoard of Germany's higgest hank before he joined WestLB. Previoosly he had worked in New York for eight years, for First Boston and Morgan Stanley.

Herr Lichtenberg will not comment on the rumours abont Dr. Seipp. But he makes it clear that Commerzbank would like a man with an international reputation who has the ability to negotiate deals with governments as well as corporations, and who would represent the hank not only in Germany but also on the world financial stage. "If we got the right man, then my comeback would only last for a few weeks, he says.

Commerzbank may not yet have given up hope of tempting Dr. Seipp away from WestLB, but it could he that the bank will decide that the joh is too big for one man. Herr Lichtenberg believes that Deutsche Bank's experiment of splitting the chief executive's role between two people has proved its worth.

Commerzbank is known to have been looking for a co-chairman to work with Herr Dhom. Dr. Gerd Wolfburg, deputy chairman and head of finance at MAN, the German commercial vehicles and mechanical engineering groop, has been mentioned in speculation about the succession.

In the meantime, Herr Lichtenberg has an immense task on his hands. Apart from looking for a successor, he has to provide leadership from the top in terms of motivating what must be a demoralised and shocked senior management.

Herr Lichtenberg concedes that the bank's days of focusing on asset growth are over. "The size of the assets does not interest me. Profits are what matter now." So, the decision is almost cut and dried not to pay a dividend, the first time since the Second World War that this has happened at a major German bank.

On the other hand, he rejects the idea that the bank will need to go to shareholders for new capital in the next 12 months.

COMPANY NOTICES

LA REDOUTE

In his year-end letter to shareholders, Mr. Henri POLLET, Chairman, takes stock of the Company's situation at the end of the first half (1st March-31st August) and of the Group's operations to November 30, 1980.

LA REDOUTE S.A.
After a dull Spring/Summer period, the Autumn/Winter season shows a more promising outlook.

For the Spring/Summer season, the activities of the mail-order selling area have been much less important than expected. This non-achievement of the forecast turnover has brought back the half-yearly net profit from FFr 15.3m to FFr 10.8m (−29%). On the other hand, for the Autumn/Winter period, business has been more steady; as an indication the turnover of the first three months showed an increase of 15%, giving as November 30 an accrued turnover of FFr 2.9bn against FFr 2.6bn (+10%). Considering this development, the Company remains confident as to the achievement of its forecast. Turnover should increase by 12% and profits from 10% to 12%.

SUBSIDIARIES AND AFFILIATES
SOCIETE NOUVELLE D'EXPANSION REDOUTE, whose completion of group structure continues, showed on November 30 a 5% increase in its turnover.
Concerning companies specialised in children and maternity products, PREMAMAN'S operations have been in accordance with estimates (+11.7%) and SODIREG has reached a progression of its results more favourable than targeted. The improvement of 13.7% of the turnover for the first nine months (FFr 161.5m) should have a favourable incidence on the fiscal year results.
FINAREF: after 11 months of activity, the amount of dues collected reached FFr 75.9m (+66.5%). To meet its expansion requirements, the Company has floated a FFr 60m loan and has carried out an increase of capital. For this purpose, LA REDOUTE S.A. has floated a loan in Euro-francs of FFr 125m which will be partly used to subscribe to this increase of capital.
In Italy, VESTRO'S turnover showed an increase of 26.2%, which is superior to estimates.
In Belgium, the Company has just completed the sale of SARTHA's fixed assets.

REDOUTE GROUP
Consolidated turnover as at November 30 reached FFr 3.8bn, an increase of 15%. For the Group as a whole, the fiscal-year forecasts should be reached, i.e. a parallel progression of the turnover and of the results, of about 15%.

NOTICE TO BONDHOLDERS

METROPOLITAN ESTATE AND PROPERTY INTERNATIONAL N.V.

8¾ per cent Convertible Bonds 1996

NOTICE IS HEREBY GIVEN pursuant to the Trust Deed constituting the Bonds that, subject to the terms and conditions of the Bonds, Bondholders are entitled at any time on and after 1st February, 1981, and on or prior to 15th December, 1995, to convert the principal amount of the Bonds into fully paid registered Ordinary Shares of 25p nominal amount each of MEPC LIMITED at the Conversion Price (as defined in the Trust Deed) being at the date hereof 255p per Ordinary Share. For the purpose of conversion, the Bonds shall be taken at their nominal amount translated into sterling at the fixed rate of £1 = A$2.04.
Dated 22nd December 1980.

NOTICE TO BONDHOLDERS

METROPOLITAN ESTATE AND PROPERTY INTERNATIONAL N.V.

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Dated 22nd December 1980.

Notice of Redemption

Suntory Overseas (Curacao) N.V.

US$10,000,000 9½% Guaranteed Notes due 1981

Notice is hereby given to the holders of the above Notes of Suntory Overseas (Curacao) N.V. (the "COMPANY") that in accordance with *paragraph* 2 of the terms and conditions thereof the COMPANY has elected to redeem all of the outstanding Notes on January 30, 1981, at a redemption price of 101% of the principal amount thereof plus accrued interest from November 15, 1980 to January 30, 1981. Payment of the redemption price and accrued interest which will aggregate $10,300.41 for each $10,000 principal amount of Notes, will be made upon presentation and surrender of the Notes, together with attached unmatured interest coupon at the offices of the Fiscal Agent and Paying Agents set forth below.
The Notes will no longer be outstanding after the date set for redemption and all rights with respect thereto, including accrual of interest, will cease on that date, except only the right of the holders thereof to receive the redemption price and interest accrued to such date.

Fiscal Agent:
The Chase Manhattan Bank N.A.
Woolgate House
Coleman Street
London EC2P 2HD

Paying Agents:
The Chase Manhattan Bank N.A.
Corporate Trust Division
1 New York Plaza 14
New York N.Y. 10081

The Chase Manhattan Bank N.A.
41 Rue Cambon 7[illegible]
Paris 1E[illegible]
France

December 23, 1980

By: The Chase Manhattan Bank N.A.
London, Fiscal Agent

CURRENCIES, MONEY and GOLD

Dollar easier

Dollar was mostly weaker in extremely quiet trading ahead of Christmas and the New Year. A further fall in the latest U.S. money supply figures reduced the upward pressure on interest rates, and the dollar suffered accordingly. Comments over the weekend by Mr. Henry Kaufman of Salomon Brothers that U.S. prime rates may reach 24 per cent before reaching their peak failed to have any impact on trading. Business was confined to the occasional commercial order and end-of-year squaring operations. Meanwhile Southwest Bank of St. Louis lowered its prime rate to 20 per cent from 21 per cent. Although a relatively small bank, it has often led prime rate moves in the past, although its chairman Mr. I. A. Long suggested that major banks' prime rates may rise yet another percentage point before peaking out.

European currencies traded quietly, with the French franc remaining the most improved currency within the EMS. A sharp fall in Germany's trade surplus in November produced little market reaction.

Sterling recorded little overall change, and was largely unaffected by the latest OECD forecast, which included projections of three million unemployed in the UK in the next 18 months.

DOLLAR — trade-weighted index (Bank of England calculation) fell to 86.9 from 87.4. The U.S. currency lost ground in thin trading, closing at DM 1.9620 from DM 1.9750, and SwFr 1.7725 against SwFr 1.8030. Against the yen it finished at a two-month low of Y207.5 from Y208.1 on Friday. Euro-dollar rates fell, with the three-month rate at 18¼ per cent from 20 per cent and six-month at 16¾ per cent from 17¾ per cent.

STERLING — trade-weighted index (Bank of England) rose to 77.7 from 77.6 after 77.6 at noon and 77.5 in the morning. The pound opened at $2.3430 and traded between $2.3385 and $2.3565, before closing at $2.3510-$2.3530, a rise of 1 cent from Friday's close.

D-MARK—Remaining weak near the bottom of the European Monetary System, and requiring support against the French franc and Dutch guilder. Germany's poor balance of payments position coupled with fears of an invasion of Poland, and the sharp rise in U.S. interest rates, has created severe problems for the D-mark and led to a steady rise in German interest rates—The D-mark showed mixed changes at yesterday's fixing in Frankfurt in very thin trading. Sterling was higher at DM 4.6360 against DM 4.624, while the dollar eased to DM 1.9730 from DM 1.9887. The dollar had recovered quite a lot of ground by the fixing, having been as low as DM 1.9585 earlier in the day. This followed a sharply lower trend in Euro-dollar rates. Trading was extremely thin, with only a few commercial orders producing any movement in rates.

DANISH KRONE—Very firm within the EMS, despite cuts in the Danish central bank's discount rate—The krone showed mixed changes at yesterday's fixing in Copenhagen, falling against sterling and the D-mark, but improving in terms of the dollar. Sterling rose to DKr 14.2570 from DKr 14.2410, and the D-mark was higher at DKr 3.0820 compared with DKr 3.0720 at Friday's fixing. On the other hand the dollar fell to DKr 6.0685 from DKr 6.1085.

JAPANESE YEN—Very firm recently, despite the rise in U.S. interest rates, reflecting Japan's strengthening economic performance—The yen was firmer against the dollar in Tokyo yesterday, with the U.S. unit closing at Y207.80 compared with Y209.30 on Friday.

THE POUND SPOT AND FORWARD

Dec. 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3385-2.3565	2.3510-2.3530	1.10-1.30c dis	−6.12	2.50-2.80dis	−4.51
Canada	2.7880-2.8090	2.8055-2.8075	0.10-0.80c dis	−1.71	1.65-1.95dis	−2.57
Nethlnd.	5.00-5.06	5.00-5.02	3-2c pm	5.99	2⅝-5⅞ pm	4.59
Belgium	74.00-74.70	74.05-74.15	25-15c pm	3.24	37-27 pm	1.73
Denmark	14.13-14.25	14.20-14.22	4½-1½ore pm	2.53	⅞ pm-2⅞dis	−0.53
Ireland	1.2415-1.2495	1.2440-1.2450	0.20-0.09p pm	1.89	0.22pm-0.01dis	0.37
W. Ger.	4.60-4.65	4.61-4.62	2⅞-1⅞pf pm	5.53	3-5 pm	4.77
Portugal	124.10-125.80	125.35-125.65	15c pm-75 dis	−2.87	60-165 dis	−3.59
Spain	186.40-187.30	187.00-187.15	25-115c dis	−4.49	165-205 dis	−5.90
Italy	2,176-2,200	2,193-2,195	½ lire pm-2½ dis	−0.55	17½-21½ dis	−3.56
Norway	12.11-12.16	12.12-12.14	9-6½ore pm	7.67	11-7½ pm	3.05
France	10.65-10.75	10.66-10.68	4¼-3¼c pm	4.22	7½-6½ pm	2.62
Sweden	10.33-10.39	10.36½-10.38½	1⅞-3⅞ore dis	−3.33	5⅞-8⅞ dis	−2.72
Japan	483-493	487-489	3.00-2.35y pm	3.58	5.55-4.70 pm	4.20
Austria	32.65-33.00	32.65-32.75	14-8gro pm	4.04	32-20 pm	3.18
Switz.	4.16-4.23	4.16-4.19	3½-2½c pm	8.63	7¼-6¼ pm	6.35

Belgian rate is for convertible francs. Financial franc 74.30-74.40. Six-month forward dollar 3.00-3.30c dis, 12-month 3.00-3.50c dis.

THE DOLLAR SPOT AND FORWARD

Dec. 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3385-2.3565	2.3510-2.3530	1.10-1.30c dis	−6.12	2.50-2.80dis	−4.51
Ireland†	1.8840-1.8970	1.8850-1.8890	1.10-1.20c dis	−7.31	2.15-2.25dis	−4.39
Canada	1.1910-1.1941	1.1936-1.1941	0.40-0.32c pm	3.62	0.65-0.55 pm	2.01
Nethlnd.	2.1310-2.1450	2.1310-2.1360	2.30-2.20c pm	12.65	4.90-4.75 pm	9.05
Belgium	31.50-31.77	31.50-31.52	27-23c pm	8.50	49-44 pm	5.89
Denmark	5.0400-6.0550	5.0400-6.0500	5-4½ore pm	9.43	6¾-6¼ pm	4.30
W. Ger.	1.9575-1.9750	1.9615-1.9625	1.80-1.70pf pm	10.70	4.30-4.20 pm	2.86
Portugal	53.15-53.45	53.20-53.40	30c pm-par	3.38	55 pm-par	2.07
Spain	79.55-79.79	79.55-79.65	40-10c pm	3.77	30 pm-20 dis	0.25
Italy	934.00-937.00	936.25-937.00	3½-2 lire pm	3.52	1 pm-1 dis	—
Norway	5.1675-5.1820	5.1725-5.1750	5½-5ore pm	12.18	10.80-10.00pm	7.96
France	4.5350-4.5700	4.5350-4.5425	3.95-3.75c pm	10.15	7.55-7.25 pm	6.50
Sweden	4.4005-4.4100	4.4050-4.4100	1.20-1.05ore pm	3.06	1.90-1.75 pm	1.66
Japan	207.00-208.25	207.45-207.55	2.10-1.90y pm	11.57	4.35-4.15 pm	8.19
Austria	13.89-14.00	13.89-13.94	12.40-11.80gro pm	10.43	28.50-26.50pm	7.90
Switz.	1.7700-1.8040	1.7720-1.7730	2.16-2.06c pm	14.28	6.09-4.99 pm	11.37

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Dec. 22	Bank of England Index	Morgan Guaranty Changes%
Sterling	77.7	−32.0
U.S. dollar	86.9	−7.0
Canadian dollar	79.4	−18.2
Austrian schilling	148.9	+21.8
Belgian franc	111.7	+10.8
Danish kroner	102.6	−7.2
Deutsche mark	147.4	+40.6
Swiss franc	189.5	+78.0
Guilder	125.3	+18.9
French franc	97.2	−7.4
Lira	50.4	−52.7
Yen	141.3	+38.8

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Dec. 19	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.548533	0.553057
U.S. $	13	1.26123	1.38853
Canadian $	17.36	1.50505	1.54185
Austria Sch.	5¾	17.7280	18.1940
Belgium F.	19	40.3846	41.2264
Danish K.	11	7.69961	7.85550
D'mark	7½	2.50891	2.56288
Guilder	8	2.78804	2.78579
French Fr.	9½	5.79588	5.92536
Lira	16½	1191.86	1217.66
Yen	7¼	264.984	268.558
Norwgn. Kr.	9	6.55640	5.62097
Spanish Pts.	8	100.991	103.211
Swedish Kr.	10	5.52795	5.71462
Swiss Fr.	3	2.28497	2.33417

OTHER CURRENCIES

Dec. 22	£	$		£ Note Rates
Argentina Peso	4527-4677	1983-1990	Austria	32.70-33.00
Australia Dollar	2.0085-2.0125	0.8540-0.8545	Belgium	74.35-78.05
Brazil Cruzeiro	150.27-151.27	63.99-64.21	Denmark	14.13-14.23
Finland Markka	9.11-9.15	3.8740-3.8750	France	10.68-10.78
Greek Drachma	108.669-111.719	47.05-47.25	Germany	4.60½-4.64½
Hong Kong Dollar	12.04-12.05	5.1200-5.1275	Italy	2175-2220
Iran Rial	170.00*	73.05*	Japan	486-403
Kuwait Dinar (KD)	0.634-0.640	0.2718-0.2719	Netherlands	5.01½-5.05½
Luxembourg Frc.	74.05-74.15	31.50-31.52	Norway	12.12-12.22
Malaysia Dollar	5.1790-5.1980	2.2010-2.2060	Portugal	126½-131
New Zealand Dlr.	2.4630-2.4680	1.0470-1.0480	Spain	182¼-191¼
Saudi Arab. Riyal	7.76-7.82	3.3300-3.3320	Sweden	10.32-10.42
Singapore Dollar	4.9380-4.9580	2.1000-2.1050	Switzerland	4.16-4.20
Sth. African Rand	1.7650-1.7670	0.7605-0.7615	United States	2.34½-2.36
U.A.E. Dirham	8.56-8.62	3.6700-3.6730	Yugoslavia	79-81

Rate given for Argentina is free rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU December 22	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	41.2227	+3.60	+1.09	±1.53
Danish Krone	7.72336	7.87422	+1.95	−0.56	±1.64
German D-Mark	2.48208	2.55977	+3.13	+0.62	±1.125
French Franc	5.84700	5.93760	+1.55	−0.96	±1.3667
Dutch Guilder	2.74362	2.78846	+1.63	−0.88	±1.512
Irish Punt	0.668201	0.689142	+3.13	+0.62	±1.668
Italian Lira	1157.79	1215.87	+5.10	+2.75	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Dec. 10	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.352	4.615	488.0	10.67	4.170	6.010	91.94	2.807	74.10
U.S. Dollar	0.425	1.	1.962	207.5	4.537	1.773	2.130	933.8	1.193	31.51
Deutschemark	0.217	0.510	1.	105.7	2.312	0.904	1.086	476.4	0.608	16.06
Japanese Yen 1,000	2.049	4.820	9.457	1000.	21.86	8.545	10.27	4493.	5.751	151.8
French Franc 10	0.937	2.204	4.325	457.4	10.	3.908	4.693	2056.	2.630	69.45
Swiss Franc	0.240	0.564	1.107	117.0	2.562	1.	1.201	526.1	0.673	17.77
Dutch Guilder	0.200	0.469	0.921	97.41	2.130	0.832	1.	437.0	0.560	14.79
Italian Lira 1,000	0.456	1.072	2.103	229.4	4.863	1.901	2.284	1000.	1.279	33.77
Canadian Dollar	0.356	0.838	1.644	173.9	3.802	1.486	1.785	781.8	1.	26.40
Belgian Franc 100	1.350	3.174	6.228	658.8	14.40	5.628	6.761	2961.	3.787	100.

FT LONDON INTERBANK FIXING (11.00 a.m. DECEMBER 22)

3 months U.S. dollars		6 months U.S. dollars	
bid 19	offer 19 1/8	bid 17 1/8	offer 17 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates of $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Dec. 22	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	13¾-14	19⅞-20⅛	17½-18⅞	2¾-3⅞	¼-1	8⅛-8⅝	10⅝-10⅞	12-13	10-10½	7½-8
7 days' notice	14⅝-14⅞	19⅞-20⅛	17⅞-18⅛	9-9⅛	1-1¼	12⅛-12¾	10⅝-10⅞	14½-15⅛	11¼-11½	7¾-8¼
Month	14⅝-14¾	20½-20¾	17¾-18⅛	9⅜-9⅝	7⅝-7¾	10⅛-10⅜	11⅝-11⅞	15⅝-17⅞	12-12⅛	9⅛-9¾
Three months	14 11/16-14¾	18⅜-18⅝	16⅝-17	9⅝-9¾	7¼-7⅜	10⅛-10⅜	12-12¼	18-19	12⅞-13	9¾-10
Six months	14⅝-14⅞	16⅝-16⅞	15⅛-15½	10-10⅛	7⅛-7⅜	9¾-9⅞	12⅞-13⅛	18½-19½	13-13⅛	9¾-10
One Year	14⅛-14⅜	15½-15¾	14⅝-14¾	10⅛-10⅜	6⅞-7⅛	9½-9⅝	12⅞-13¼	19¾-20¼	13⅛-13¼	9½-9¾

Asian $ (closing rates in Singapore) one-month 20⅛-20⅜ per cent; three-months 18½-18¾ per cent; six-months 16⅝-16⅞ per cent; one year 15¼-15½ per cent. Long-term Eurodollar two years 14½-14¾ per cent; three years 14¼-14½ per cent; four years 14¼-14½ per cent; five years 14¼-14½ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 20.60-20.80 per cent; three-months 18.10-18.30 per cent; six-months 16.10-16.30 per cent; one year 14.75-15.00 per cent.

INTERNATIONAL MONEY MARKET

Europe rates steady

Call money was slightly firmer in Frankfurt yesterday, rising to 9.50 per cent from 9.25 per cent, while fixed term rates were unchanged at 10.50-10.75 per cent for one-month; 10.40-10.65 per cent for three-month; 9.95-10.20 per cent for six-month; and 9.90-10.15 per cent for 12-month funds. Over the weekend Herr Hans Matthoefer, West German Finance Minister, said that high interest rates were a means of preventing the outflow of capital, and that rates could only be cut if there is a sharp narrowing in Germany's current account balance of payments deficit, which is expected to approach DM 30bn (£6.5bn) this year, after a shortfall of DM 10bn in 1979.

According to figures published yesterday the current account deficit improved slightly in November, to DM 1.1bn from DM 1.4bn in October.

In Paris call money fell to 10¾ per cent from 11¼ per cent following the injection of FFr 15bn by the Bank of France through purchases of first category paper. On Friday call money touched its highest level since October 16 as a result of the upward trend in U.S. interest rates, but the further decline in the latest U.S. money supply figures has led to speculation that U.S. rates may have peaked.

In Amsterdam call money was quoted at 8⅞-9 per cent compared with 8¾-9¼ per cent, while period rates were unchanged.

UK MONEY MARKET

Adequate supply

Bank of England Minimum Lending Rate 14 per cent (from November 24, 1980)

Day-to-day credit was in good supply in the London money market yesterday, but the authorities did not intervene to absorb the surplus, and banks are expected to bring forward substantial balances. Payment of the Rate Support Grant contributed to the extremely large excess of Government disbursements over revenue payments to the Exchequer, and banks brought forward small surplus balances from Friday. These outweighed a small net take-up of Treasury bills, and maturing commercial bills held by the authorities.

Discount houses paid around 13½ per cent for secured call loans at the start, and closing balances were taken at 13 per cent. In the interbank market overnight loans opened at 14¼-14½ per cent and ranged between 13 per cent and 14 per cent for the rest of the day, before falling sharply to 10 per cent at the close.

GOLD

Firmer trend

Gold rose $11 an ounce in the London bullion market yesterday in extremely quiet trading to $594-597. The metal opened at $593-596, and rose to a best level during the afternoon at $596-598. The market lacked any real impetus, with some citing the fall in a small U.S. bank's prime rate as an influencing factor.

In Paris the 12½ kilo bar was fixed at FFr 91,350 per kilo ($621.66 per ounce) in the afternoon, compared with FFr 90,995, ($619.30) in the morning and FFr 90,850 ($614.55) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 37,755 per kilo ($595.51 per ounce) against DM 36,790 ($575.04) previously, and closed at $594-597 compared with $574-577 on Friday.

In Zurich gold closed at $593-596 against $574-577

	Dec. 22		Dec. 19	
Gold Bullion (fine ounce)				
Close	$594-597	(£252-253⅛)	$583-586	(£248½-250)
Opening	$593-596	(£252⅛-253⅜)	$573-576	(£246-247¼)
Morning fixing	$594	(£252.766)	$575.50	(£246.978)
Afternoon fixing	$594.75	(£252.494)	$575	(£246.042)
Gold Coins				
Krugerrand	$618-620	(£262-264)	$608-610	(£260-261½)
1/2 Krugerrand	$314-319	(£133¼-135½)	$309-314	(£138¼-134½)
1/4 Krugerrand	$158-163	(£67-69¼)	$155¼-160¼	(£66½-68½)
1/10 Krugerrand	$64-67	(£27¼-28½)	$63-66	(£27-28¼)
Mapleleaf	$615-617	(£260-263)	$603-607	(£258-260)
New Sovereigns	$151½-153	(£64-65)	$149½-150½	(£64-64½)
King Sovereigns	$172-174	(£73-74)	$137½-139½	(£71¾-72¾)
Victoria Sovs.	$172-174	(£73-75)	$167½-168½	(£71¾-72¾)
French 20s	$158-160	(£67-68)	$131-164	(£69-70¼)
50 pesos Mexico	$739-743	(£313¾-315½)	$718-721	(£307¼-308½)
100 Cor. Austria	$582-586	(£247-248¾)	$532-535	(£240½-242¼)
$20 Eagles	$695-700	(£296-297¼)	$678-682	(£290¼-292)

MONEY RATES

NEW YORK

Prime Rate	20-21½
Fed. Fund	19½-19¾
Treasury Bills (13-week)	14.36
Treasury Bills (26-week)	14.05

GERMANY

Discount Rate	7.50
Overnight Rate	9.50
One month	10.625
Three months	10.325
Six months	10.075

FRANCE

Discount Rate	9.5
Overnight Rate	10.75
One month	11.00
Three months	11.5625
Six months	12.3125

JAPAN

Discount Rate	7.25
Call (Unconditional)	9.375
Bills Discount (three-month)	9.53125

LONDON MONEY RATES

Dec. 22 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market deposits	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	10-14½	13⅛-14	—	—	14-14¾	13-13½	—	—	—
2 days notice	—	—	14⅛-14⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14¼-14¾	14½-14⅝	—	14¾	14¾-14⅞	13½-13⅞	—	—	—
One month	14 11/16-14⅞	14⅞-14	14⅝	15½-13¾	14½	14⅞-16	13⅝-13¾	13 7/32-13 9/32	14 1/16	14¾
Two months	14⅝-14	14⅝-14	—	14¾-13¼	14½	15⅛	15½	13⅛-13	14	14⅝
Three months	14⅝-14⅝	14⅝-14	16¾	14⅝-15	15⅛	13-16⅛	13½	13⅛-13	13 7/32-14	14½
Six months	14 7/16-14⅛	14 7/16-14	14⅛	14⅝-14¾	14½	15	—	—	13⅝	13¾
Nine months	14-13⅞	13 7/32-14⅛	—	14⅜-14¾	14½	14⅞	—	—	—	—
One Year	13 15/16-13	14-14⅛	14	13⅞-14⅛	14⅜	14¾	—	—	—	—
Two years	—	—	13⅞-14	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13⅞ per cent; four years 13⅞ per cent; five years 13⅞ per cent. ◆ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13 13/16-13⅞ per cent; four-month trade bills 14½ per cent.

Approximate selling rate for one-month Treasury bills 13 5/16-13 7/32 per cent; two-months 13 5/16-13 9/32 per cent; three-months 13 3/16 per cent. Approximate selling rate for one-month bank bills 14 1/32-14⅛ per cent; two-months 14 5/32 per cent; three-months 13 29/32 per cent; one-month trade bills 14½ per cent; two-months 14⅜ per cent and three-months 14¼ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15 per cent from December 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.1347 per cent.

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on December 22, 1980. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviation: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (bas) basic rate; (bg) buying rate; (bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

Place	Local Unit	Value of £ Sterling
Afghanistan	Afghani	105.00
Albania	Lek	10.25
Algeria	Dinar	0.0140
Andorra	French Franc	10.57
	Spanish Peseta	127.075
Angola	Kwanza	70.3505
Antigua (S)	E. Caribbean $	2.33
Argentina	Ar. Peso Free Rate	4,657.0
Australia (S)	Australian $	2.0105
Austria	Schilling	32.70
Azores	Portu. Escudo	195.50
Bahamas (S)	Ba. Dollar	2.3520
Bahrain (S)	Dinar	0.882
Balearic Isles	Spa. Peseta	187.075
Bangladesh (S)	Taka	38.70
Barbados (S)	Barbados $††	4.7040
Belgium	B. Franc	(cm) 74.10
		(fn) 74.35
Belize	B $	4.7040
Benin	C.F.A. Franc	533.5
Bermuda (S)	Bda $	2.3528
Bhutan	Indian Rupee	18.53
Bolivia	Bolivian Peso	58.80
Botswana (S)	Pula	1.7975
Brazil	Cruzeiro ‡‡	150.77
Brit. Virgin Isles (S)	U.S. $	2.3520
Brunei (S)	Brunei $	4.9480
Bulgaria	Lev	2.0690
Burma	Kyat	15.90
Burundi	Burundi Franc	210.35
Cameroon Republic	C.F.A. Franc	533.5
Canada	Canadian $	2.8065
Canary Islands	Spanish Peseta	187.076
Cape Verde Isle	Cape V. Escudo	85.90
Cayman Islands (S)	Cay. Is. $	1.9600
Cent. Af. Republic	C.F.A. Franc	533.33
Chad	C.F.A. Franc	533.5
Chile	C. Peso	(bk) 91.80
China	Renminbi Yuan	3.6081
Colombia	C. Peso	(F) 118.27
Comoro Islands	C.F.A. Franc	553.5
Congo (Brazzaville)	C.F.A. Franc	533.5
Costa Rica	Colon	90.23
Cuba	Cuban Peso	1.6830
Cyprus (S)	Cyprus £	0.8640
Czechoslovakia	Koruna	(com) 13.30
		(n/c) 23.15
		(T) 22.58
Denmark	Danish Krone	14.91
Djibouti	Fr.	400 (sg)
Dominica (S)	E. Caribbean $	6.35
Dominican Repub.	Dominican Peso	2.3520
Ecuador	Sucre	(O) 59.04
		(F) 95.38
Egypt	Egyptian £	(U) 1.65
Equatorial Guinea	Ekuele	374.15
Ethiopia	Ethiopian Birr	(P) 4.7350
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	14.21
Fiji Islands	Fiji $	1.8880
Finland	Markka	9.13
France	French Franc	10.67
French C'tyIn Af*	C.F.A. Franc	533.5
French Guiana	Local Franc	10.67
French Pacific Is.	C.F.P. Franc	188 (sg)
Gabon	C.F.A. Franc	533.5
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.615
Germany (West)	Deutsche Mark	4.615
Ghana (S)	Cedi	6.40
Gibraltar (S)	Gibraltar £	1.0
Greece	Drachma	110.139
Greenland	Danish Kroner	14.21
Grenada (S)	E. Caribbean $	6.35
Guadeloupe	Local Franc	10.67
Guam	U.S. $	2.3520
Guatemala	Quetzal	2.3520
Guinea Republic	Syli	46.35
Guinea Bissau	Peso	82.45
Guyana (S)	Guyanese $	6.00
Haiti	Gourd	11.79
Honduras Repub.	Lempira	4.7300
Hong Kong (S)	H.K. $	12.05
Hungary	Forint	(com) 77.1744
		(T)(nc) 27.5787
Iceland (S)	I. Krona	1,362.3
India (S)	Ind. Rupee	18.58
Indonesia	Rupiah	1,470.0
Iran	Rial	170.00
Iraq	Iraq Dinar	0.6955
Irish Republic (k)	Irish £	1.2455
Israel	Shekel	18.45
Italy	Lira	2,194.0
Ivory Coast	C.F.A. Franc	533.5
Jamaica (S)	Jamaica Dollar	4.1943
Japan	Yen	493.0
Jordan (S)	Jordan Dinar	0.723 (sg)
Kampuchea	Riel	2,822.4
Kenya (S)	Kenya Shilling	17.42
Kiribati	Australian $	2.0105
Korea (Nth)	Won	2.11 (ll)
Korea (Sth)	Won	1,332.43
Kuwait	Kuwait Dinar	0.637
Laos	New Kip	23.50
Lebanon	Lebanese £	8.7400
Lesotho	Loti	1.7560
Liberia	Liberian $	2.3520
Libya	Libyan Dinar	0.6960
Liechtenstein	Swiss Franc	4.17
Luxembourg	Lux Franc	74.10
Macao	Pataca	12.45
Madeira	Portug'se Escudo	195.50
Malagasy Republic	MG Franc	553.5
Malawi (S)	Kwacha	1.9450
Malaysia (S)	Ringgit	5.1360
Maldive Islands (S)	Mal Rupee	0.2435
Mali Republic	Mali Franc	1,067.0
Malta (S)	Maltese £	0.841
Martinique	Local Franc	10.67
Mauritania	Ouguiya	110.00
Mauritius (S)	M. Rupee	19.75
Mexico	Mexican Peso	54.55
Miquelon	C.F.A. Franc	533.5
Monaco	French Franc	10.67
Mongolia	Tugrik	(o) 7.02 (ll)
Montserrat	E. Caribbean $	6.35
Morocco	Dirham	9.83
Mozambique	Metica	39.70
Nauru	Australian Dollar	2.0105
Nepal	Nepalese Rupee	28.20
Netherlands	Guilder	5.0100
Netherland Antilles	Antillian Guilder	4.2100
New Hebrides	See VANUATU	
New Zealand (S)	N. Z. Dollar	2.4653
Nicaragua	Cordoba	23.40
Niger Republic	C. F. A. Franc	533.5
Nigeria (S)	Naira	1.267479 (sg)
Norway	Norway Krone	12.13
Oman Sultanate of (S)	Rial Omani	0.809
Pakistan	Pakistan Rupee	23.05
Panama	Balboa	2.3520
Papua N. Guinea (S)	Kina	1.5325
Paraguay	Guarani	296.60
Peru	Sol	exc (A) 791.88
Philippines	Philippine Peso	17.35
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.4655
Poland	Zloty	(Cm) 74.23
		(T) 74.23
Portugal	Portuguese Escudo	125.50
Puerto Rico	U.S. $	2.3520
Qatar (S)	Qatar Ryal	8.52
Reunion Ile de la	French Franc	10.67
Romania	Leu	(Cm) 10.70
		(n/c) T28.72
Rwanda	Rwanda Franc	218.37
St. Christopher (S)	E. Caribbean $	6.35
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	6.35
St. Pierre	Local Franc	10.67
St. Vincent (S)	E. Caribbean $	6.35
Salvador El	Colon	5.80
Samoa American	U.S. $	2.3520
San Marino	Italian Lira	2,144.0
Sao Tome & Principe	Dobra	84.75
Saudi Arabia	Ryal	7.78
Senegal	C.F.A. Franc	533.5
Seychelles	S. Rupee	15.20 (SG)
Sierra Leone (S)	Leone	2.5170
Singapore (S)	Singapore $	4.9480
Solomon Islands (S)	Solomon Is. $	1.8970
Somali Republic	Somali Shilling	(A) 14.15
South Africa (S)	Rand	1.7660
South West African Territories (S)	S. A. Rand	1.7660
Spain	Peseta	187.075
Spanish ports in North Africa	Peseta	187.075
Sri Lanka (S)	S. L. Rupee	41.79
Sudan Republic	Sudan £ (1)	1.18
Sudan Republic	Sudan £ (2)	1.99
Surinam	S. Guilder	4.2100
Swaziland (S)	Lilangeni	1.7560
Sweden	S. Krona	10.375
Switzerland	Swiss Franc	4.17
Syria	Syria £	(A) 9.25
Taiwan	New Taiwan $	84.57
Tanzania (S)	Tan. Shilling	18.90
Thailand	Baht	47.25
Togo Republic	C.F.A. Franc	533.5
Tonga Islands (S)	Pa'anga	2.0105
Trinidad (S)	Trinidad & Tob. $	5.6450
Tunisia	Tunisian Dinar	0.975 (SG)
Turkey	Turkish Lira	210.12
Turks & Caicos	U.S. $	2.3520
Tuvalu	Australian $	2.0105
Uganda (S)	Uganda Shilling	17.90
United States	U.S. Dollar	2.3520
Uruguay	Uruguay Peso	(cm) 25.35
		(fn) 25.35
Utd. Arab Emirates	U.A.E. Dirham	8.59
U.S.S.R.	Rouble	1.5216
Upper Volta	C.F.A. Franc	533.5
Vanuatu	Franc	167 (SG)
	Aust. Dollar	2.0105
Vatican	Italian Lira	2,194.0
Venezuela	Bolivar	10.10
Vietnam	Dong	(O) 5.1976
		(T) 3.16 (ll)
Virgin Islands U.S.	U.S. Dollar	2.3520
Western Samoa (S)	Samoan Tala	2.1685
Yemen (Nth)	Ryal	10.60 (SG)
Yemen (Sth)	S. Yemen Dinar	(A) 0.8050
Yugoslavia	New Y Dinar	69.4624
Zaire Republic	Zaire	7.091709
Zambia	Kwacha	1.8850
Zimbabwe	Zimbabwe $	1.4900

* That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 98.80. ** Rates is the transfer market (controlled). †† Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and who are not members of IMF. (ll) Based on gross rates against Russian rouble. (1) Official rates for government transactions and specified exports and imports. (2) Parallel rate for non-government transactions and non-specified exports and imports.

WORLD STOCK MARKETS

Further early 6.6 Dow rally

THE RECENT rallying trend on Wall Street was taken a stage further in active early dealings yesterday, still spurred by investor hopes that interest rates are near a peak.

The Dow Jones Industrial Average, which retrieved 20 points last week, was 6.57 higher at 943.77 at 1 pm. The NYSE All Common Index added 30 cents at $77.16, while advances outscored declining issues by a nine-to-five majority. Trading volume amounted to 32.78m shares, compared with last Friday's 1 pm level of 35.33m.

Southwest Bank of St. Louis yesterday cut its Prime Rate to 20 per cent from 21, although most analysts are expecting major banks to raise their Prime a little more from the current 21½ per cent before a sustained downtrend sets in.

Retailers, growth stocks, some Banks and Insurance issues, all sensitive to changes in interest rates, were firmer.

Among Retailers, Sears Roebuck, topped the actives list and put on ½ to $15⅞. K Mart improved ⅜ to $16⅞ and Dayton Hudson ⅞ to $42, both in active trading. Sears and K Mart have been under heavy pressure recently from year-end tax selling.

U.S. Home added ⅜ at $28⅜ and Kaufman and Broad ½ at $12⅞. High interest rates have been sharply constricting new home building. Southwest Bancshares climbed 2¼ to $38, First City Bancorp of Texas 2⅞ to $55½, Southwest Florida Banks ⅜ to $13⅞ and Barnett Banks of Florida ⅜ to $29.

Connecticut General Insurance picked up ½ to $43⅞ and Aetna Life ⅜ to $35⅞.

Canada

Most sectors remained firmer-inclined in busy trading yesterday morning. The Toronto Composite Index strengthened 10.9 to 2,256.6 at noon, while the Golds share index rose 55.1 to 4,896.3 and Oil and Gas 46.7 to 4,441.5.

Golds followed the higher international Bullion price trend. Campbell Red Lake rose 2¼ to C$71¼, Giant Yellowknife 1⅞ to C$27¼, Dome Mines ⅜ to C$111⅞ and Kerr Addison ½ to C$19¼.

Hong Kong

Stocks continued to rally strongly over a broad front in active dealings yesterday, reflecting market belief that U.S. interest rates, and thus local rates, have reached or are very near their peak. Short-term speculators were particularly active, and the Hang Seng index, after picking up 41 points last Friday, forged ahead 67.44 to 1,359.37. Turnover on the four exchanges expanded to HK$582.03m from Friday's HK$362.42m.

Among the leaders, Cheung Kong rose HK$3.00 to HK$29.60, HK Land HK$1.50 to HK$21.60, Hutchison Whampoa HK$1.50 to HK$16.40, Jardine Matheson HK$1.70 to HK$23.80, HK Bank 70 cents to HK$19.70, HK Wharf 40 cents to HK$8.20 and Swire Pacific "A" 50 cents to HK$10.00.

Trafalgar advanced 80 cents to HK$6.55, Swire Properties 60 cents to HK$12.20, Far East Consortium 50 cents to HK$5.85 and New World 40 cents to HK$6.20.

Tokyo

The market closed with an easier bias on balance after moderate activity, having failed to maintain a high opening on Wall Street's good finish last week, the yen's rise against the U.S. dollar and an encouraging sign on the interest rates front.

A market source said that although U.S. prime lending rates were still rising, loan interest charges at middle-class or small-sized commercial banks have begun to decline.

The Nikkei-Dow Jones Average closed a net 9.73 down at 7,050.79, while falls outnumbered rises on the First Market section by 361 to 263 following volume of 260m shares (330m).

Precision Instruments and Light Electricals still produced some useful gains on the day, however. Fuji Photo Film, Y898, and Canon, Y896, were each Y11 higher, while TDK Electronics added Y40 at Y3,310 and Victor Japan Y20 at Y2,820, but Sony lost Y20 at Y3,240 and Pioneer Electronic Y10 at Y2,540.

Among Motors and Components, Hino Motor receded Y12 to Y255 and Yamaha Motor Y8 to Y731, but Toyota put on Y5 to Y736.

Elsewhere, speculative buying lifted Mitsubishi Petrochemical Y62 to Y309 and Uchida Yoko Y49 to Y590.

Germany

Mixed movements were recorded after thin trading.

Motors picked up sharply after last week's decline, although some dealers said the sector may have been cosmetically lifted for the sake of year-end accounts. Daimler-Benz moved ahead DM 7 to DM 263.50, BMW DM 3.80 to DM 149.00 and Volkswagen DM 3 to DM 154.

In contrast, Retailers were broadly lower, with Kaufhof down DM 3, Karstadt DM 2 and Neckermann DM 1.

Brown Boveri in Electricals lost DM 4, but Linde in Engineerings, gained DM 2.

The Domestic Bond market also encountered light dealings with no decided trend developing. Movements ranged between gains of 25 pfennigs and losses of 40 pfennigs. Deutsche Bundesbank intervened to take paper nominally valued at DM 7.3m out of the market, up from intervention purchases of DM 3.1m on Friday.

Paris

After a weaker start, the market saw some recovery to close on a mixed note after fairly active trading. A decline of a half-point in the Call Money Rate to 10⅝ per cent was said to have spurred some bargain hunting.

Trading in Hachette resumed yesterday after having been suspended since December 12 after notification that the Matra Group was bidding for control of the publishing concern. Hachette closed at FFr 340, up 11 per cent from their December 12 level.

Australia

Trading was generally subdued as another rise in U.S. Prime Rate coincided with the start of a traditional pre-Christmas lull. Share movements were mainly narrow and mixed, although a number of strong spots emerged, especially in the Uraniums sector.

Among Uraniums, Queensland Mines and Kathleen Investments put on 50 cents each to A$11.00 and A$8.00 respectively, while Pancontinental improved 30 cents to A$10.80 and ERA 13 cents to A$2.18. Bridge Oil, involved in the Paradoos Creek uranium prospect, added 10 cents at A$8.00.

In the Coals sector, Utah advanced 15 cents to A$3.45 but Oakbridge declined 7 cents to A$2.43.

Golds mostly improved modestly on the stronger metal price, Central Norseman and Poseidon hardening 10 cents apiece to A$9.10 and A$5.90 respectively.

Industrial boards leader BHP ended 15 cents down at A$15.75, after rising to A$16.00 at the outset, but CSR held a rise of 6 cents at A$7.00 and Thomas Nationwide gained 7 cents at A$2.52. ANZ Banking retreated 12 cents to A$5.26, although Breweries concern Tooth climbed 18 cents to A$2.70.

Johnnesburg

Gold shares advanced on the higher international Bullion price, although trading was thin. Vaal Reefs climbed R3.50 to R98.50, President Steyn R3.25 to R55.25 and Western Deep R2 to R72.00.

Closing prices for North America were not available for this edition.

Indices

NEW YORK —DOW JONES

	Dec. 19	Dec. 18	Dec. 17	Dec. 16	Dec. 15	Dec. 12	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
●Industr'ls	957.20	950.20	928.50	918.09	911.88	917.18	1000.17 (20/11)	759.13 (21/4)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	61.67	60.98	61.49	61.26	61.42	61.85	76.81 (25/6)	60.98 (18/12)	—	—
Transport.	392.08	390.87	389.75	382.82	381.57	381.24	425.68 (28/11)	258.69 (27/3)	425.68 (28/11/80)	12.232 (8/7/32)
Utilities	115.70	113.61	111.95	110.83	111.14	111.47	117.34 (18/11)	95.84 (27/3)	163.32 (28/4/69)	10.5 (28/4/42)
Trading Vol 000's	61,040	69,570	50,800	41,838	39,709	38,820	—	—	—	—

●Day's high 946.31 low 924.07

	Dec. 12	Dec. 5	Nov. 28	Year ago (approx)
Ind. div. yield %	5.95	5.70	5.48	0.00

STANDARD AND POORS

	Dec. 19	Dec. 18	Dec. 17	Dec. 16	Dec. 15	Dec. 12	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	161.88	151.20	151.26	149.12	147.68	147.42	160.26 (28/11)	111.09 (27/7)	160.96 (28/11/80)	3.52 (30/6/32)
§Composite	135.70	133.00	132.89	130.60	120.45	129.23	140.52 (28/11)	98.22 (12/2)	140.52 (28/11/80)	4.40 (1/6/32)

	Dec. 17	Dec. 10	Dec. 3	Year ago (approx)
Ind. div. yield %	4.46	4.61	4.30	5.24
Ind. P/E Ratio	9.38	9.05	9.62	7.70
Long Gov. Bond Yield	18.57	19.68	12.22	10.09

N.Y.S.E. ALL COMMON

Dec. 19	Dec. 18	Dec. 17	Dec. 16	1980 High	1980 Low
76.86	76.40	75.13	74.97	81.02 (28/11)	55.30 (22/5)

Rises and Falls	Dec. 19	Dec. 18	Dec. 17
Issues Traded	1,978	1,888	1,995
Rises	1,075	1,091	959
Falls	326	558	582
Unchanged	308	339	412
New Highs	—	47	56
New Lows	—	33	92

MONTREAL

	Dec. 19	Dec. 18	Dec. 17	Dec. 16	1980 High	1980 Low
Industrials	368.88	360.12	360.28	358.65	425.80 (29/2)	325.31 (27/3)
Combined	347.72	345.02	344.87	342.41	376.06 (20/12)	259.90 (27/3)
TORONTO Composite	2245.7	2238.5	2231.3	2213.3	2402.2 (28/11)	1702.5 (27/3)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
General Motors	1,396,200	44¼	+2⅝
IBM	1,008,500	64½	+ ⅞
Texaco	871,500	49⅞	+ ⅞
J. C. Penney	605,600	31¾	+ ⅛
ATT	596,300	48⅞	+ ½
Gulf Oil	493,600	45	− ⅞
Ford Motor	467,600	19⅞	+ ¾
ITT	450,700	29⅛	− ⅛
Exxon	449,300	82⅛	−1⅛
Citicorp	427,300	24	− ½

	Dec. 22	Dec. 18	Dec. 18	Dec. 17	1980 High	1980 Low
AUSTRALIA Sydney All Ord. (1/1/80)	891.95	995.91	985.70	976.12	1044.87 (18/11)	789.00 (2/1)
Metal & Minrls. (1/1/80)	6122.28	6129.02	6075.75	5978.18	7025.52 (20/10)	4581.26 (28/5)
AUSTRIA Credit Aktion (2/1/62)	89.53	88.67	86.09	86.20	89.48 (7/1)	85.58 (10/6)
BELGIUM Belgian SE (31/12/63)	94.18	95.69	94.07	98.40	106.75 (11/2)	92.62 (11/12)
DENMARK Copenhagen SE (1/1/73)	95.26	94.95	94.98	95.18	98.55 (4/11)	74.78 (5/5)
FRANCE CAC General (29/12/61)	111.8	112.1	113.3	113.5	120.3 (5/11)	87.1 (3/1)
Ind Tendance (28/12/79)	110.0	110.8	112.5	113.2	121.5 (5/11)	85.6 (3/1)
GERMANY FAZ-Aktien (31/12/58)	218.85	219.23	220.14	219.85	238.89 (25/2)	212.73 (28/3)
Commerzbank (Dec. 1953)	680.7	677.2	683.1	681.5	748.2 (25/2)	667.8 (27/3)
HOLLAND ANP-CBS General (1970)	85.6	86.2	85.7	85.5	89.8 (21/11)	74.8 (27/3)
ANP-CBS Indust. (1970)	61.9	61.7	61.6	61.5	68.2 (11/1)	52.2 (28/3)
HONG KONG Heng Seng Bank (31/7/64)	1359.37	1291.93	1250.76	1258.66	1654.57 (15/11)	738.9 (10/3)
ITALY Banca Comm. Ital (1972)	166.21	165.71	163.58	161.43	188.18 (4/11)	65.11 (2/1)
JAPAN Dow Average (12/5/49)	7050.79	7060.52	7068.64	7038.16	7188.28 (6/11)	6475.98 (27/3)
Tokyo New SE (4/1/68)	485.88	488.68	488.27	487.21	497.96 (20/10)	446.01 (12/3)
NORWAY Oslo SE (1/1/72)	115.88	118.52	118.65	118.51	144.70 (14/2)	118.12 (28/3)
SINGAPORE Straits Times (1966)	221.51	651.55	642.28	646.73	721.72 (21/11)	428.75 (3/1)
SOUTH AFRICA Gold (1958)	(u)	807.2	(u)	804.4	1026.1 (22/9)	496.5 (18/3)
Industrial (1958)	(u)	589.2	(u)	590.6	660.5 (5/11)	486.2 (2/1)
SPAIN Madrid SE (29/12/79)	(c)	124.57	104.87	105.36	111.17 (18/9)	83.76 (12/5)
SWEDEN Jacobson & P. (1/1/58)	416.77	412.2	408.26	410.88	413.18 (11/12)	354.72 (17/1)
SWITZERLAND Swiss BankCpn. (31/12/58)	294.8	295.7	297.7	298.8	317.8 (11/2)	278.2 (28/3)
WORLD Capital Intl. (1/1/70)	—	156.2	156.2	154.8	164.6 (20/11)	120.5 (27/3)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

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COMMODITIES AND AGRICULTURE

Rubber output deficit forecast

JAKARTA — World natural rubber production could be just short of consumption in 1981, the chairman of the Indonesian Rubber Producers' Federation, Oestara Wiradinata, told Reuter.

He estimated world consumption next year at 4.05m tonnes and production at 4m.

Synthetic rubber production is expected to reach 9.15m tonnes, though consumption is not expected to rise above 9m, he said.

The International Institute of Synthetic Rubber Producers, however, in a recent report shows a 1.4 per cent average annual growth rate for synthetic rubber from 1979 to 1990 in the U.S. and Canada. Total rubber (synthetic plus natural) consumption matches this growth rate giving synthetic rubber 75.5 per cent of total consumption.

The report sees consumption in North America rising from an estimated 2.873m tonnes in 1980 to 3.903m tonnes in 1990, with synthetic rubber consumption estimated at 2.127m tonnes in 1980 and 2.946m in 1990.

Common front at jute conference

DACCA — Six of the biggest world jute producing countries ended a three-day seminar here with a call to take a common stand on different issues at a United Nations conference in Geneva next month.

The seminar, sponsored by the Bangladesh Government and the UN Conference on Trade and Development (UNCTAD), was attended by Brazil, Burma, India, Nepal, Thailand and Bangladesh.

It said the six participating countries discussed in detail draft texts of an International jute agreement submitted jointly by the six producing countries, the U.S., Japan and the EEC and agreed to take a common position in the UN conference.

Representatives of UNCTAD, the UN Food and Agriculture Organisation (FAO), the Economic and Social Commission for Asia and the Pacific (ESCAP), UN Development Programme (UNDP) also attended the seminar.

Reuter

Upsurge in world sugar price continues

BY RICHARD MOONEY

WORLD SUGAR prices yesterday resumed the upsurge that was interrupted by Friday's fall. In the morning the London daily raw sugar price was fixed £10 higher at £310 a tonne and on the London futures market the March position ended the day £15.325 up at £325.45 a tonne.

The price has now regained about £65 of the £180 a tonne it lost during a dramatic two-month fall beginning in mid-October.

Last week's rally was seen by London dealers as a reaction against this sell-off, which many thought had been overdone. And this was understood to be a large factor again yesterday though hedge covering against a Peruvian purchase at the weekend was also quoted as a market influence. Some traders were believed to be covering short positions (uncovered sales) ahead of the long Christmas holiday.

The Peruvian purchase was from Cargill sugar, the New York trade house, and was reported to be at an average price of $815 a tonne c and f. Dealers said it was for January/February shipment and totalled 36,000 tonnes, though Peru had sought 50,000 tonnes.

In Port-of-Spain, meanwhile, Trinidad and Tobago's state-owned sugar company, Caroni forecast a 40 per cent tonne increase in its sugar production next year.

It expected the 1981 harvest to yield over 151,400 tonnes of sugar, compared with this year's depressed 107,000 tonnes.

The drop in production this year from an original target of 147,000 tonnes was attributed to factory problems, a late start to the crop and transport difficulties.

● Thailand has assured overseas buyers that it will produce and export raw sugar of internationally acceptable standard next year, reports Reuter.

An industry ministry official said in Bangkok that the Government had tightened quality control on sugar coming out of local mills.

London sugar traders expressed concern last week about buying Thai sugar because of quality problems earlier this year.

Some 80,000 to 90,000 tonnes of raw sugar from the old crop still remained in Thai warehouses following government action to limit exports earlier this year to ease a local shortage, government officials confirmed. Exporters said extended storage had slightly darkened the sugar but claimed other quality aspects were unchanged.

Record UK beet season

THE BRITISH Sugar Corporation is heading for a record season. Over 60 per cent of the crop has been harvested and new production records have been set by most of their 17 processing factories in the eastern counties.

The Corporation says that it has processed almost 700,000 tonnes of beet more than at the same time last year and this will mean a shorter than average campaign.

The Corporation said yesterday, "A lower level of labour turnover and absenteeism and the benefits of our reconstruction programme have contributed to a good campaign."

Last year the Corporation handled 7½m tonnes of sugar-beet and 14,000 growers shared a total payment of £214m.

Jamaica lifts bauxite production

BY CANUTE JAMES IN KINGSTON

PRODUCTION OF bauxite in Jamaica, the world's second largest exporter, will this year total 12.15m tonnes — an increase of 5.6 per cent over last year.

There has also been an increase in the local refining of bauxite ore which this year will produce 2.45m tonnes of alumina, up 18 per cent on last year, according to the Jamaica Bauxite Institute.

The bauxite and alumina output increase is the highest since 1974, when bauxite production reached just over 15m tonnes, and the island's refining capacity of 2.9m tonnes of alumina was almost fully utilised.

The reduction in output followed the Government's unilateral imposition of higher taxes on the north American companies operating in the island. The companies claimed that the taxes were too high, and cut back production.

Meanwhile in London all metal stocks except aluminium rose in the London Metal Exchange warehouses last week. Copper stocks were up by 275 tonnes to 122,675 tonnes and zinc was up by 2,775 tonnes to 83,500 tonnes. Tin was up 570 to 4,925 tonnes; lead was up 100 tonnes to 73,400 tonnes, nickel up 18 to 4,446 tonnes, and aluminium down 1,650 to 68,925 tonnes.

Refined copper stocks held by U.S. refineries in November fell to 75,100 short tons from 86,400 short tons the previous month, the American Bureau of Metal Statistics reports.

Australian canned fruit exports hit by competition

TOUGHER competition is causing a dramatic drop in Australia's canned fruit exports to some of its biggest markets.

Mr. Bruce Adams, the General manager of the Australian Canned Fruits Corporation, says it has become extremely difficult for Australian canned fruit exporters to compete against those from America, South Africa and Italy on world markets and pointed out that this year, Australia's canned fruit exports to West Germany, Britain, Scandinavia, Canada and Japan have dropped by up to half.

Mr. Adams Australia is taking measures to try to win back its former share of world trade in canned fruits, including a special promotion in West Germany and an intensified advertising campaign in Britain.

British beef support may end

By Our Commodities Staff

ADDITIONS TO Great Britain's beef "mountain" will cease early in the new year if cattle prices remain at their present levels.

In its latest weekly market survey the UK Meat and Livestock Commission (MLC) notes that a rise in the market last week lifted reference prices of all intervention categories of cattle above EEC upper-buying-in prices. According to EEC rules if they remain above this trigger level for three consecutive weeks support buying can be halted.

A UK Intervention Board official confirmed yesterday that the Board will cease buying beef on January 12 unless prices fall.

Figures published by the MLC show that latest Great Britain reference prices are between 1.4 and 3.35 per cent above upper-buying-in prices. But in Northern Ireland they are still 12.1 to 14.48 per cent below the trigger level, so intervention is likely to continue there for a while yet.

Purchases, which began in June, have been running at a steady rate of about 800 tonnes a week. By last week the total in store had reached 25,800 tonnes.

Wool clip estimate up

SYDNEY—The Australian Wool Production Forecasting Committee has raised its estimate of Australian 1980/81 wool output to 682.90m kilos from its October forecast of 676.00m. The 1979-80 clip yielded 713.4m kilos. End-year figures are usually a more reliable guide to likely production than earlier estimates because of the greater amount of information available.

Palm oil output fall expected

KUALA LUMPUR — Malaysia's crude palm oil output is estimated to have fallen to around 215,000 tonnes in November from 225,794 tonnes in October, the palm oil registration and licensing authority (PORLA) said in the second of its new series of preliminary estimates.

Reuter

U.S. GRAIN SHIPMENT

Slow barge down the Mississippi

BY NANCY DUNNE IN WASHINGTON

PRESIDENT JIMMY CARTER promised to make the U.S. "the breadbasket of the world," and President-elect Ronald Reagan has committed himself to further expanding agriculture exports. But is the nation's transportation system fit for the task?

The question arises in the wake of last week's sharp price declines on the markets here. According to Mr. Robert L. Martin, commissioner of the Commodities' Futures Trading Commission, the grain markets were considerably weakened by the back-up of 3,700 barges waiting to unload grain in New Orleans.

The barge bottleneck at the mouth of the Mississippi is a traditional one, but this year, with grain exports shooting up 11 per cent between January and October, the backlog reached record-breaking proportions. It both affected and was affected by market prices.

Reports on the backlog are still sketchy, but it appears to be the result of several factors.

While there is no shortage of ocean vessels worldwide, the U.S. has been sharply increasing coal exports from 31.7m short tons in January-September 1979 to 51.5m short tons over the same period this year. The increase has reportedly siphoned off many ships to Baltimore and Norfolk where inadequate coal-loading facilities are tying up vessels from 30-60 days.

Barge loadings for the first 11 months of 1980 were up dramatically: from 1.5bn to 1.7bn bushels and many grain elevators in New Orleans are so full that barges are being used for storage. While market prices were climbing, many speculators held on to their supplies, hoping to get the highest prices possible.

Also apparently adding to the backlog was the delivery of an unusually large amount of damaged maize (some of it is reportedly old) released from reserves. More was damaged on the trip down the Mississippi because weather conditions necessitated a quick harvest, and maize, with too much moisture, deteriorates quickly on the trip south. The poor quality maize has had to be held so that it can be mixed with better maize.

High interest rates were a key element in last week's price downturn. Inventories financed with borrowed money became too expensive to hold. With less bidding on grain, speculators began selling off their stocks, and the market was depressed still further.

With prices dropping, the barge backlog began to clear. It had droped to 3,480 on Tuesday, but it still composed a substantial proportion (25 per cent) of the nation's fleet.

In spite of embargoes and droughts, U.S. farm exports have increased steadily over the past 11 years. Last year they rose an overall 7 per cent to 17.3bn bushels.

To accommodate the expansion of both grain and coal exports, railroads have been increasing their efficiency, even while cutting off unprofitable lines. Some 28,000 grain cars were built last year. The Burlington Northern Railroad doubled its capacity from 1970-1979 to 2.5bn bushels.

Where the nation's farm transportation system still faces difficulties is with county elevators, many of which need to be enlarged to handle the new cars, and at the infamous lock and dam 26 on the Mississippi.

Barges wait at the outmoded lock an average 20 hours. The army corps of engineers began construction on a new footlock last spring, but it will not be completed for several years.

The U.S. is in dire need of a national transportation policy, says Mr. Bernard Collins, bulk programme manager of the Office of Market Development in the Maritime Administration. Lacking a coherent policy, the barge bottleneck and the tie-ups at the ports will be just an indication of deeper problems to come.

"It could end up with grain fighting coal, ports fighting ports, railroads fighting railroads," says Mr. Collins.

Zimbabwe maize export hope

BY A CORRESPONDENT

SALISBURY — Zimbabwe is heading for a record maize crop that could produce over 1m tonnes for export, the president of the Commercial Farmers' Union, Mr. David Spain, has forecast.

In a newspaper interview, Mr. Spain said that, after two years of drought that forced unprecedented maize imports, Zimbabwe was now anticipating a crop totalling between 1.6m and 2m tonnes.

Zimbabwe's domestic needs accounted for around 800,000 tonnes, leaving between 800,000 and 1.2m tonnes for export after the current season, he said. His export forecast was considerably higher than the 500,000 tonnes forecast earlier this year by Agriculture Minister Mr. Dennis Norman.

The area under maize cultivation had risen this year from 225,000 hectares to 300,000 hectares, Mr. Spain said.

The factors contributing to the increase included the end of the guerrilla war, high guaranteed Government maize prices and a switch from tobacco to maize after disappointing tobacco prices this year.

Mr. Spain's optimism seems certain to be viewed as an encouraging sign by the Mugabe Government, which is seeking foreign exchange, either in aid or income, to finance ambitious post-war reconstruction.

The Commercial Farmers' Union represents Zimbabwe's white farmers, who are prime foreign exchange earners and who employ a third of the labour force in the cash economy. They are thus central to Zimbabwe's reconstruction.

Mr. Spain said that, since Independence last April, some 200 white farmers have returned to lands abandoned during the war and have resumed cultivation.

BRITISH COMMODITY PRICES

BASE METALS

COPPER—Gained some ground on the London Metal Exchange in routine trading. After opening at £815, forward metal traded down to £812 before recovering to £816 by the end of the morning. Further strength in the afternoon left the close on the late Kerb at £818, with the Contango widening to £18. Turnover 17,400 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	797.5-8.5	+5.5	797-8	—1
3 months	814-.5	+5.75	816.5-7	+4.5
Settlem't	798.5	+5.5	—	
Cathodes				
Cash	774.5	+5.5	776-77	—
3 months	794-5	+4	796-8	+3
Settlem't	775	+3	—	.....
U.S. Prod	—		*82-91.26	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £798, 98.5, 98. Three months £814, 14.5, 15, 16, 15.5, 15, 15.5, 15, 14.5, 14, 14.5. Cathodes: Cash £774. Three months £794. Kerb: Wirebars three months £814.5, 14, 13.5, 14. Afternoon: Wirebars three months £817, 16.5. Kerb: Wirebars three months £817, 18, 19, 18.

TIN—A little easier. Forward metal traded between £6,380 and £6,390 all day, with the close on the late Kerb at £6,385. The Contango widened to £120 in the morning, and further to £130 during the afternoon. Turnover 870 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6295-305	—20	6260-5	—47.5
3 months	6390-5	—10	6380-5	—18.5
Settlem't	6303	—20	—	.....
Standard				
Cash	6295-300	—17.5	6260-5	—47.5
3 months	6390-5	—10	6380-5	—16.5
Settlem't	6300	—20	—	.....
Straits E.	†$1922	—1	—	.....
New York	—	.....		

Morning: Standard cash £6,290. Three months £6,380, 90. Afternoon: Standard three months £6,380. Kerb: Standard three months £6,385.

LEAD—Edged upwards in good two-way business. Forward metal opened at £327, dipped below that level and then rallied to close on the late Kerb at £328, with the Contango widening to £12. Turnover 5,025 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	313-.5	—3	314-.5	—1.5
3 months	325-.5	—	327-.8	+1.25
S'ment	313.5	—3	—	.....
U.S. Spot	—	.....	*39-43	.....

Morning: Cash £313.5, 13. Three months £326, 25.5, 25. Kerb: Three months £326. Afternoon: Cash £314. Three months £326.5, 26, 26.5, 27, 27.5. Kerb: Three months £328, 27, 28.

ZINC—Declined in quiet trading. Forward metal traded in the range £340 to £345 all day, closing at £341. Turnover 12,075 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	326.5-7.5	—1.5	326.5-7.5	—1.5
3 months	340-.5	+.75	339-40	—.75
S'ment	327.5	—1.5	—	.....
Primw'ts	—	.....	*41.5	.....

Morning: Three months £341, 40, 40.5. Kerb: Three months £340. Afternoon: Three months £340. Kerb: Three months £340.

ALUMINIUM—Easier in quiet trading. Three months material fell from £638 to £630, picking up to £631 by the late Kerb, with the Contango widening to £19. Turnover 8,100 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	614-5	—4.75	610-.2	—8
3 months	634.5-5	—.5	630.5-1	—5.6

Morning: Three months £635, 35.5. Afternoon: Cash £610. Three months £631, 30, 31. Kerb: Three months £631.

NICKEL—Unchanged in very quiet trading. Forward metal was finally quoted on the late Kerb at £2,710. Turnover 252 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2685-90	+7.5	2687-90	—4
3 months	2710-20	+12.0	2707-10	+1

Morning: Three months £2,710. Afternoon: Three months £2,710. Kerb: Three months £2,710.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

COMPANY NOTICES

JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED

(Incorporated in the Republic of South Africa)

GOLD MINING COMPANIES' DIVIDENDS

[illegible]

By Order of the Board,
JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY LIMITED
Secretaries
per M. J. MEYER

22nd December, 1980

SILVER

Silver was fixed 18.4p an ounce higher for spot delivery in the London bullion market yesterday at 677.8p. U.S. cent equivalents of the fixing levels were: spot 15.91, up 31c; three-month $16.66, up 67c; six-month $17.14, up 63.4c; and 12-month $18.227, up 47.7c. The metal opened at 674p-683p ($15.85-$16.05), and closed at the same rate.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	677.80p	+18.4	680.0p	+7
3 months	700.70p	+21	704.0p	+10
6 months	710.80p	+20	—	.....
12 months	764.30p	+12.2	—	.....

LME—Turnover 202 (192) lots of 10,000 ozs. Morning: Three months 700, 700, 697, 96. Kerb: Three months 698. Afternoon: Three months 702, 1, 2, 3. Kerb: Three months 705, 6, 12, 13, 8.

COCOA

Cocoa futures remained steady throughout a dull featureless day for gains. Physical business continued to be scarce while both producers and consumers remained withdrawn from current levels, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
Dec.	861-865	+1.5	866-865
March	893-895	+4.0	895-885
May	918-017	+1.0	919-011
July	937-038	+5.0	938-934
Sept	955-957	+4.5	957-954
Dec	981-983	+4.0	981-980
March	1003-1005	+4.5	1005

Sales: 1,982 (1,826) lots of 10 tonnes. ICO Indicator prices (U.S. cents per pound). Daily price for December 19: 95.45 (94.60); 15-day average 95.06 (94.59).

COFFEE

Initial losses of £5 were quickly recovered, as trade buying emerged to insure a steady, but uneventful opening session, reports Drexel Burnham Lambert. Encouraged by a higher New York further gains were registered during the afternoon, but better levels tended to attract profit-taking whilst sell trades of 800 lots inflated an otherwise poor volume.

COFFEE	Yesterday's Close (£ per tonne)	+ or —	Business Done
January	1005-06	+0.0	1007-29
March	1023-24	+11.5	1026-07
May	1030-31	+14.5	1030-16
July	1036-37	+11.0	1038-22
Sept	1047-49	+10.6	1051-44
Nov	1048-49	+17.0	1050-481
Jan	1050-60	+15.0	—

Sales: 1,722 (1,145) lots of 5 tonnes. ICO Indicator prices for December 19: (U.S. cents per pound). Other Mild Arabicas 120.00 (121.50). Robustas ICA 1976 118.38 (119.00). ICA 1968 118.63 (119.25). Comp. daily ICA 1968 152.38 (152.83).

GRAINS

LONDON GRAIN FUTURES—Old crop wheat opened 10p lower. Selling pressure mainly in the spot eased volumes in quiet trading but good buying support rallied values to close about steady 5p-15p up on the day. Barley followed a similar pattern with options closing steady 10p down on the day. New crops, after initial weakness, steadied slightly. Wheat closed 10p-15p lower with barley 5p-10p lower on the day, reports Acli.

M'nth	WHEAT Yesterday close	+ or —	BARLEY Yesterday close	+ or —
Jan.	103.15	+0.05	95.05	—0.10
Mar.	107.15	—0.10	98.15	—0.10
May	111.40	+0.15	103.10	—0.10
July	115.50	+0.15	—	.....
Sept.	100.25	—0.10	96.20	—0.05
Nov.	104.90	—0.15	100.03	—0.10

Business done—Wheat: Jan. 103.15-102.80, March 107.15-106.90, May 111.40-110.85, July no trade, Sept. 100.75-100.75, Nov. 104.75-104.75. Sales 211 lots of 100 tonnes. Barley: Jan. 95.00-94.85, March 98.00-98.70, May 103.00-102.75, July no trade, Sept. 96.25-96.20, Nov 100.00-100.00. Sales 263 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent Feb. 111.25, March 111.50 transhipment East Coast sellers. U.S. Hard Winter 13½ per cent Feb. 108.25, March 108.50 transhipment East Coast sellers. English Feed fob March 113, April 115, April-June 115.75 East Coast sellers. Maize: S. African Yellow Jan.-Feb. 92.00 seller. Barley: English Feed fob Feb. 102.50, March 103.25, April-June 105.25 East Coast sellers. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: E. Midlands 96.00, N. East 94.00. Scotland 90.80. Other milling wheat: Scotland 104.00. The UK Monetary Coefficient for the week beginning Monday December 29 based on HGCA calculations using four days' exchange rates) is expected to remain unchanged.

RUBBER

The London physical market opened steadier with little interest throughout the day, closing quiet. Lewis and Peat reported an fob January price for No. 1 RSS in Kuala Lumpur of 301 (299.5) cents a kilogramme and SMR 20 at 254.5 (252.5) cents.

No. 1 R.S.S.	Yest'day close	Previous Close	Business Done
Jan.	57.10-58.00	57.90-58.50	58.00
Feb.	58.60-59.00	59.00-59.80	58.10-58.80
Jan-Mar	58.70-58.90	59.20-59.40	59.20-58.50
Apr-Jne	63.50-63.70	63.40-63.60	63.70-62.10
Jly-Sept	66.00-67.00	66.00-66.00	67.00-66.50
Oct-Dec	70.00-70.30	69.80-69.90	70.10-69.89
Jan-Mar	73.10-73.20	72.00-73.00	73.00-72.90
Apl-Jne	76.00-76.20	75.70-75.90	—
Jly-Sept	79.00-79.30	78.70-79.00	—

Sales: 240 (98) at 15 tonnes, 64 (5) at 5 tonnes. Physical closing prices (buyer) were: Spot 57.00p (57.50p). Feb. 62.00p (62.25p), March 62.75p.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 81 tonnes. Occasional purchases were mentioned without the offtake reaching more than modest proportions. Most of the demand was again in Middle Eastern growths, with some support in African qualities.

SOYABEAN MEAL

	Yest'rday Close	+ or —	Business Done
	£ per tonne		
December	—	—	—
February	150.50-50.8	+1.85	150.70-29.50
April	155.90-56.2	+2.85	156.20-55.00
June	157.60-58.0	+2.30	157.70-57.00
August	159.00-41.0	+4.50	—
October	150.50-60.5	+0.25	150.70-60.20
December	129.00-30.5	—0.30	—

Sales: 99 (81) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £310.00 (£300.00) a tonne cif for Dec.-Jan.-Feb. shipments. White sugar daily price was £330.50 (£323.00).

The market opened around pre-weekend levels and edged upwards over the day to close around the high points, reports C. Czarnikow.

No. 4 Contract	Yest'rdays Close	Previous close	Business Done
	£ per tonne		
Jan	321.50-25.00	305.0-307.50	320.00
Mch	325.40-26.50	310.0-310.25	325.75-06.00
May	322.50-22.55	310.0-311.00	325.75-10.00
Aug	311.60-11.75	300.5-301.00	312.00-300.0
Oct	299.00-98.50	2,985-299.00	298.55-95.00
Jan	275.00-74.00	284.0-280.00	275.60-72.00
March	268.00-70.00	261.0-261.50	271.00-65.00

Sales: 7,260 (8,102) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.0 (same) a tonne for home trade and £397.00 (387.00) for export.

International Sugar Agreement (U.S. cents per pound, fob and stowed Caribbean port). Prices for Dec. 19: Daily price 29.88 (29.97): 15-day average 28.42 (28.69).

WOOL FUTURES

BRADFORD WOOL — Prices were almost unchanged and the market was dull ahead of Christmas. Activity generally is suspended from the middle of this week until January 5.

SYDNEY GREASY WOOL—Close (in order, buyer, seller, business, sales). Australian cents per kilo. Dec. 453.0, 456.0, 453.0-449.0, 43; March 472.5, 473.5, 473.0-470.0, 47; May 489.0, 492.0, 488.0-486.0, 42; July 501.5, 503.0, 502.0-500.0, 40; October 501.5, 503.0, 502.5-501.0, 25; Dec. 503.0, 504.5, 505.0-504.0, 13; March 509.0, 512.0, 510.0-508.0, 5; May 514.0, 518.0, 515.0-514.5, 3. Sales: 218.

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Dec. 350, 360, nil, nil; Jan. 349, 353, nil, nil; March 356, 360, 359-357, 4; May 357, 361, 360, 2; Aug. 371, 375, 377, 3; Oct. 372, 376, 374, 5; Dec. 376, 380, nil, nil; Jan. 377, 380, nil, nil; March 381, 385, nil, nil; May 382, 386, nil, nil. Sales: 14.

POTATOES

LONDON POTATO FUTURES — A steady tone was seen through the day despite very low turnover, reports Foley and Harper. Closing prices: Feb. 55.10 +100 (high 56.10, low 54.80); April 69.80 +100 (high 69.80, low 69.10); Nov. 52.50 +90 (high 52.80, low 52.50). Turnover: 42 (40) lots of 40 tonnes.

*

GRIMSBY FISH — Supply: poor. Demand: good. Prices at ship's side (unprocessed) per stone: Shelf cod £6.50-£5.00, codlings £2.00-£5.00. Large haddock £4.20, medium £3.50, small £1.80-£3.00. Large plaice £3.80-£4.70, medium £3.80-£4.60, best small £3.20-£4.20. Skinned dogfish (medium) £5.50. Lemon soles medium £11.00. Saithe £4.00-£4.20.

PRICE CHANGES

In tonnes unless otherwise stated.

	Dec. 22 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	.....	£810/815
Free Mkt	$1450/1470	.....	$1500/30
Copper			
Cash w'bar	£797.5	—1	£849.25
3 mths	£816.75	+4.5	£876.5
Cash Cathode	£776.5	.....	£830
3 mths	£797	+5	£856.5
Gold troy oz	$585.5	+11	$629.5
Lead Cash	£315	—1.5	£337.25
3 mths	£327.5	+1.25	£348.5
Nickel	£5,216*	.....	£5,116
Free mkt	275/295c	.....	285/310c
Platin'm tr'y oz	£302	.....	£308
Free mkt	£251.60	+0.60	£278.90
Quicksilver†	$360/370	.....	$386/395
Silver troy oz	677.50p	+18.4	806.50p
3 mths	700.70p	+21	836.50p
Tin Cash	£6,262.5	—47.5	£6,390
3 mths	£6,382.5	—18.5	£6,527.5
Tungsten 22.04lb	$141.97	.....	$145.88
Wolfrm 22.04lb	$140/143	.....	$158/142
Zinc Cash	£337	—1.5	£359
3 mths	£359.5	—0.75	£351.25
Producers	$825	.....	$825
Oils			
Coconut (Phil.)	$610z	.....	$685
Groundnut		.....	
Linseed Crude	£460	.....	£450
Palm Malayan	$625y	+9.5	$635
Seeds			
Copra Philip	$420	.....	$445
Soyabean (U.S.)	$326.25w	+6.25	$378.25
Grains			
Barley Futures	£99.16	—0.10	£101
Maize			
French	‡	.....	£118.00
Wheat			
No 1 Red Spg.	‡	.....	‡
No2 HardWint	£108.25y	.....	£105.25
Eng. Milling t.	‡	.....	‡
Other commodities			
Cocoa ship't	£971	+4	£976
Future Mar.	£896.5	+4	£930.5
Coffee Ft'Mar.	£1023.5	+11.5	£1,020
Cotton A.Index	89.50c	+0.45	97.90c
Rubber (kilo)	57p	—0.00	62p
Sugar (Raw)	£310.00	+10	£366
Woolt'ps 64s kL	297p kilo	.....	295p kilo

†Unquoted. wJan. yFeb. vDec.-Jan. xJan.-Feb. uFeb.-March. tApril. zIndicator. §Buyer. ¶Per 76-lb flask. *Nominal.

MEAT/VEGETABLES

SMITHFIELD — Pence per pound—Beef: Scotch killed sides 68.0 to 73.0; Eire hindquarters 87.0 to 91.0, forequarters 45.0 to 49.0. Veal: Dutch hinds and ends 99.0 to 103.0. Lamb: English small 62.0 to 72.0, medium 64.0 to 69.0, heavy 50.0 to 67.0. Imported frozen: NZ pl 50.0 to 51.0, pm 46.0 to 47.0. Pork: English, under 100 lbs 44.0 to 50.0, 100-120 lbs 42.0 to 49.0, 120-160 lbs 38.5 to 46.0.

MEAT COMMISSION — Average fatstock prices at representative markets on December 22. GB cattle 84.19p per kg lw (—1.66). UK sheep 150.76p per kg est dcw (+5.46). GB pigs 70.53p per kg lw (—0.74).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Spanish: Navelines 48/54/60 4.80-5.20, 70 3.80-4.00, 80 3.50-3.80, 90 3.50-3.80, 100/110 3.70-3.90, 120/150 4.00; Moroccan: 56/84 4.00-4.20, 75 3.40, 88 3.30, 100/113 3.20; Jaffa: Navels 50/168 4.20-6.00; Egyptian: Baladi 88/125 2.80. Lemons—Spanish: Trays 25/54 2.30-2.80; Cyprus: 10-kg 4.00-4.80; Italian: 100/120 4.80-5.00; Sth. African: 135/185 3.50-5.00. Grapefruit—Cyprus: 36/42/48/45 3.00-3.30; 20 kg 40/64 3.50-4.50; Jaffa: 20-kg 36 4.45, 40 4.50, 48 4.65, 56 4.20, 64 3.75, 75 3.55. Satsumas—Spanish: 210/195/189 2.40, 168 2.50, 164 2.60, 144 2.70-2.80, 105 3.00-3.20, 88 3.20, 126 2.80. Clementines—Moroccan: 6's 3.10, 5's 3.20, 4's 3.30, 3's 3.40, 2's 3.70. Apples—French: Starkcrimson 40-lb 4.00-4.80, 72 2.30, 84 2.00, Golden Delicious 20-lb 72 2.10-2.20, 84 1.70-2.00, 40-lb 125/175 3.60-4.40, Granny Smith 20-lb 72 2.50-2.70, 94 1.80-2.00, large boxes 3.00-4.60; Dutch: Cox's Orange Pippins per lb 0.07-0.09; Hungarian: Starking 44-lb 6.50; [illegible]

AMERICAN MARKETS

NEW YORK, December 22.

PRECIOUS METALS and copper recovered from early losses in anticipation of a forthcoming decline in interest rates. Shortcovering in sugar ahead of the holiday produced a good advance. Coffee continued to rally on expectations of further quota cutbacks. Cocoa advanced moderately on light manufacturer buying. Cotton rallied sharply on good trade demand. The livestock complex closed mixed ahead of the Tuesday's hog crop report. Maize and soyabeans advanced in very light trading on an absence of selling. Wheat was lower in anticipation of bearish acreage report on Tuesday, reported Heinold.

Potatoes (round whites) — March 136.5-136.8 (134.2), April 162.8-163.0 (161.5), Nov. 88.5-89.0.

Sugar—No. 11: Jan. 31.65-31.90 (31.05), March 32.40-32.45 (31.58), May 32.20-32.25, July 31.75-31.80, Sept. 29.90-29.85, Oct. 29.15-29.20, Jan. 26.38, March 26.10-26.40, May 26.40. Sales: 8,578.

Tin—679.0-691.0 (679.0-685.0).

CHICAGO, December 22.

Lard—Chicago loose 21.00 (same)

Live Cattle—Jan. 66.82 (same), Feb. 68.20-68.15 (68.50), April 70.80-70.95, June 72.97-73.00, Aug. 73.07, Oct. 71.97, Dec. 72.75, Feb. —.

Live Hogs—Feb. 52.00-51.85 (52.50), April 54.25-54.35 (54.82), June 58.75-58.65, July 59.80, Aug. 59.12-59.07, Oct. 57.25, Dec. 59.40, Feb. 60.90, April —.

‡‡Maize—March 379¾-380 (375¾), May 385½-386 (383), July 384½-384¼, Sept. 373-372½, Dec. 361¾-361½, March 369½.

Pork Bellies—Feb. 63.00-63.45 (63.80), March 63.80-64.10 (64.27), May 66.70-66.75, July 69.00-69.10, Aug. 68.55-68.90.

Silver—Dec. 1595.0 (1610.0), Jan. 1600.0 (same), Feb. 1630.0, April 1674.0, June 1718.0, Aug. 1762.0, Oct. 1806.0, Dec. 1850.0, Feb. 1894.0, April 1938.0, June 1982.0, Aug. 2026.0, Oct. 2070.0, April —.

‡Soyabeans—Jan. 792-794 (784), March 825-823 (817½), May 849-850, July 865-866, Aug. 859, Sept. 832, Nov. 818½-819, Jan. 836.

‖Soyabean Meal — Jan. 232.5-233.5 (229.6), March 242.5-243.0 (240.7), May 250.0, July 255.0-258.0, Aug. 255.0, Sept. 246.5-247.0, Oct. 235.5, Dec. 235.9, Jan. 235.5-240.0, March —.

Soyabean Oil — Jan. 24.75-24.80 (24.60), March 25.75-25.80 (25.80), May 26.55, July 27.25-27.15, Aug. 27.20-27.25, Sept. 27.35-27.40, Oct. 26.90, Dec. 26.90, Jan. 26.75-26.90, March —.

‡Wheat—March 487-486½ (490½), May 491-491½ (493½), July 474-474½, Sept. 482½, Dec. 502½-501½, March —.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. ‡ Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

ROTTERDAM, December 22

Wheat—U.S. Two Dark Hard Winter 13.5 per cent Jan. $234, Feb. $234, March $235.50. U.S. No. Two Red Winter Jan. $225, Feb. $225, March $225. U.S. No. Two Northern Spring 14 per cent Jan. $239, Feb. $242, March $244, April/May $224.50, June $228, July $229.

Maize—Spot $175, April $173, Dec. $175, Jan./March $181, April/June $185.50, July/Sept. $183, Oct./Dec. $177, Jan./March $187.

Soyabeans—U.S. Two Yellow Gulfports April $315.25, Dec. $315.25, Jan. $319.25, Feb. $331.75, March $336, April $342.25, May $345.50, June $352, July $353.25, Aug. $353, Sept. $343, Oct. $331.25, Nov. $331.25, Dec. $338.25.

Soyameal—44 per cent protein U.S. April $284, Dec. $285, Jan. $287, Feb. $305, April/Sept. $316. Brazil Pellets April $291, Dec. $292, Jan. $300, Feb. $304.50, March $313, April/Sept. $324 sellers.

PARIS, December 22

Cocoa (FFr per 100 kilos)—Dec. 875, March 922, May 947-957, July 960-980, Sept. 992-1,004, Dec. 1,025-1,035. Sales: at call 0.

Sugar (FFr per tonne)—March 3,570-3,575, May 3,545-3,560, July 3,510-3,560, Aug. 3,525-3,535, Oct. 3,280, Nov. unquoted, Dec. 3,130, March 3,080. Sales: at call 1.

INDICES

FINANCIAL TIMES

Dec. 19	Dec. 18	Month ago	Year ago
262.43	260.12	272.73	292.92

(Base: July 1, 1952=100)

MOODY'S

Dec. 19	Dec. 18	Month ago	Year ago
1227.0	1219.5	1333.5	1055.1

(December 31, 1931=100)

DOW JONES

Dow Jones	Dec. 19	Dec. 18	Month ago	Year ago
Spot	—	432.59	472.68	422.44
Fut'res	—	476.43	501.54	437.40

(Average 1924-25-26=100)

REUTERS

Dec. 22	Dec. 19	Month ago	Year ago
1728.8	1721.4	1765.7	[illegible]

(Base: September 18, 1931=100)

[illegible]

Domestic and overseas support extends Gilt advance SA Golds also higher but equity leaders drift lower

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Dec. 8	Dec. 22	Dec. 23	Jan. 5
Dec. 24	Jan. 8	Jan. 9	Jan. 19
Jan. 12	Jan. 22	Jan. 23	Feb. 2

* "New time" dealings may take place from 9 am two business days earlier.

The easier dollar attracted overseas investment funds to London yesterday and the Gilt-edged market, already in the process of extending Friday's advance, strengthened considerably. Exhaustion of the partly-paid medium tap stock, Treasury 11¾ per cent 1989 "A," last Friday meant that all sectors of the market were without a tap apart from the specialist low-coupon short, Treasury 3 per cent 1985.

Domestic support was again substantial for all Gilts and the firm tone continued for most of the session before quotations eased from the best just prior to the official close. The Bank of England then announced its intention to issue an additional £100m each of Exchequer 12¼ per cent 1992, Exchequer 12¼ per cent 1994 and Exchequer 10¼ per cent 1997. The majority of observers assumed the development to be stop-gap Christmas funding but some felt it could mark the introduction of an alternative experimental method of Government funding.

Once again, longer-dated stocks achieved the larger rises and settled with gains ranging to a full point, while the shorts were a maximum of ¾ higher. For the third successive session, the FT Government Securities index moved higher and yesterday closed 0.48 up at 69.06.

The higher bullion price restored confidence to South African Gold shares and some heavyweight issues rose 1¼ points; but the equity sectors were subdued. Institutional investors were inactive and leading shares, after opening fully steady, began to drift a penny or two lower on sporadic end-Account sales. Measuring the downdrift, the FT Industrial Ordinary share index went from unchanged at 10.00 am to 3.4 lower at 2.00 pm before rallying to close 1.9 down on the day at 464.6.

Zimbabwe Settlement Annuities attracted further interest and rose 10 points to £328; other Southern Rhodesian bonds were neglected.

Demand for Traded options improved slightly and 741 contracts were arranged against Friday's 477 and last week's daily average of 631. A substantial amount of the business was transacted in Marks and Spencer which attracted 315 trades, 210 of which were done in the January 110's.

Pennine Resources made a subdued market debut; from an opening level of 51p, the shares drifted off and closed at 47½p which compares with the offer price of 50p. Cramphorn were quoted in the Unlisted Securities Market at 600p.

Banks dip and rally

In an effort to find a trading level, dealers marked the major clearing Banks down sharply. Buyers appeared at the lower levels, however, and helped prices close above the day's worst. Barclays picked up from 420p to finish unchanged on the day at 428p, while Midland closed 8 down at 336p, after 332p. Lloyds cheapened 6 to 328p, after 322p, and NatWest gave up 4 to 378p, after 374p. Bank of Scotland fell 8 to 295p and Royal Bank of Scotland relinquished 3 to 91p. Elsewhere, Far-Eastern influences prompted a rise of 6 to 163p in Hong Kong and Shanghai.

Still overshadowed by last week's surprise £116.3m fund-raising call, Royals lost 6 more to 347p. Other Composites drifted lower with General Accident and Sun Alliance also finishing 6 off, at 292p and 704p respectively. Life issues came on offer; Prudential dipped 4 to 217p and Legal and General 3 to 193p.

Interim profits from Scottish and Newcastle proved to be much in line with market estimates and the shares held at Friday's closing level of 57½p. Other major Breweries drifted easier for want of attention.

Phoenix Timber, the subject of considerable speculative interest recently, rose 10 afresh to 110p on suggestions that the company may attract a bid early in the New Year. Leyland Paint also attracted speculative buying and added 3 to 29½p. Leading Buildings trended easier in thin trading, Tarmac losing 4 to 246p and BPB 3 to 330p and London Brick a penny to 62p. Elsewhere, sporadic selling clipped 4 from SGB, 130p, and from G. H. Downing, 122p, while A. Monk, a good market of late on the reduced half-year loss, gave up 2 to 25p.

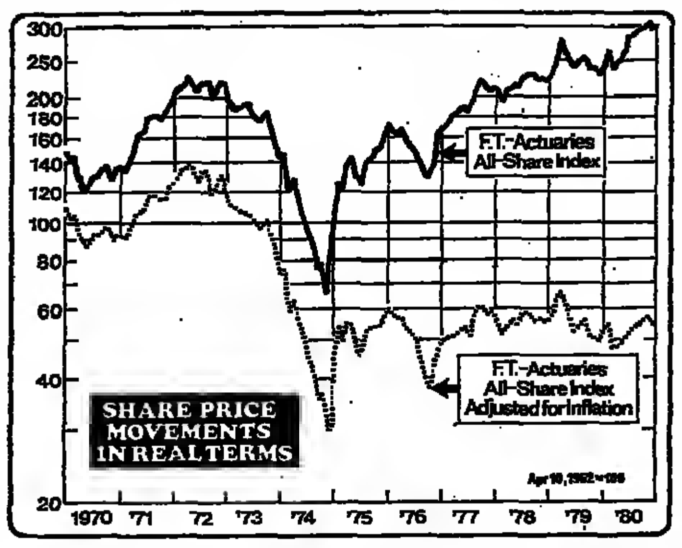
Stores flat

ICI drifted off on lack of interest to close 4 cheaper at 326p. Allied Colloids added 2 afresh to 104p on speculative interest, while Hoechst, the West German chemical concern, picked up 13 to 255p.

Adverse Press comment highlighting the disappointing level of Christmas spending unsettled leading retailers and falls ranged to 15. Gussies "A" fell that much to 455p, while Boots, 236p, and British Home Stores, 143p, gave up 5 and 6 respectively. Mothercare ended 4 lower at 226p, while House of Fraser, still dull on Lonrho's opposition to the D. H. Evans sale-and-leaseback deal, ended 3 down at 133p, after 130p. The FT-Actuaries Stores index fell 2.3 per cent to 240.93. Away from the leaders, Cornell Dresses encountered sizeable selling following the Polly Peck offer document, which lacked any fresh news on the situation, and the shares plummetted to 50p; support became evident at this level, however, and the close was 57p for a net fall of 18. Forminster eased a couple of pence to 116p awaiting today's half-timer, but further interest was shown for Heelamat, 4 dearer at 87p.

Movements in the Electrical leaders were limited to a few pence either way. Elsewhere, Arlen fell 4 to 36p following the preliminary results and warning on current trading, but Petbow held at 41p despite the half-year loss and passing of the interim dividend. Ferranti drifted off to close 10 cheaper at 463p along with Unitech which eased 6 to 304p.

Engineering leaders rarely strayed far from last Friday's closing levels. Elsewhere, movements were usually against holders. ML Holdings reacted 10 to 280p in a limited markets, while Davy Corporation closed 2 cheaper at 169p following the company's rejection of the bid from Enserch on the grounds that the offer was wholly inadequate and not in the interest of Davy shareholders, employees or clients. Adwest gave up 6 to 162p and Westland 4 to 149p. Against the trend, Brasway rallied 3 to 29p, the reduced interim dividend and half-year pre-tax loss having been discounted.



Leading Foods made a narrowly mixed showing. J. Sainsbury hardened 2 to 337p, but Tesco softened a fraction to 54p. British Sugar eased 3 to 265p and Brooke Bond a penny to 46p. Elsewhere, Bernard Matthews, a thin market, improved 6 to 318p on occasional interest.

Trafalgar House up

Although seasonal influences played a major part in restricting business, a few features emerged in miscellaneous industrials. Investment buying lifted Trafalgar House 3 to 84p, while publicity given to a broker's circular helped Glaxo improve 2 to 260p and Beecham harden a penny to 170p. Initial Services put on 5 to 201p following the satisfactory interim results and Standard Fireworks gained 5 to 80p in response to the encouraging interim statement. Chubb found support at 80p, up 4, while Smiths Industries, 256p, and Thomas Tilling, 142p, gained 2 apiece on Press comment. Reflecting Far-Eastern advices, Hutchison Whampoa rose 16 to 140p, Jardine Matheson 10 to 195p and Swire Pacific 6¼ to 86p. Gieves touched 60p before closing a net 2 higher at 56p and Wedgwood added a penny to 56½p. By way of contrast, Associated Communications shed 3 more to a 1980 low of 45p with sentiment still soured by the recent poor first-half results. Wood and Sons lost a similar amount to 13p following the interim dividend omission and first-half deficit, while ICL shed 3 to 69p. Irish Ropes fell 6 to 30p following the chairman's cautious statement.

The Leisure sector featured Horizon Travel which added 4 to a 1980 peak of 128p on reports of increased holiday bookings. Saga Holidays hardened a couple of pence to 216p. Elsewhere, Norton and Wright, a particularly dull market on Friday on the interim loss and reduced dividend, rallied 2 to 45p, but Westward Television eased ½ to 21p on the lower preliminary profits.

Fresh hopes of a bid from Malaysian sources prompted useful support for Dunlop, which spurted 5 to 69p. Other Motor Components trended to higher levels. Kwik-Fit added 3 more to 92p, while Flight Refuelling firmed 2 at 254p. Dowty, on the other hand, ended 2 cheaper at 198p, after 195p, while Jonas Woodhead shed 3 to 36p.

Notable movements in Properties were confined to secondary issues. Renewed buying lifted Allied London Properties 6 to 174p, while Imry improved 5 to 820p, the latter in a thin market. On the other hand, lack of support and scattered selling clipped 4 from Trafford Park Estates, 144p, and 10 from Warnford, 430p. Elsewhere, Hong Kong Land, 181p, and Swire Properties, 103p, again responding to very firm Far-Eastern advices, put on 13 and 6 respectively.

Oils above worst

Oils drifted lower for most of the trading session before staging a technical rally in the late dealings. Shell ended 6 cheaper at 472p, after 470p, and BP finished only 2 lower at 426p, after 424p.

Trusts were featured by a rise of 25 to 350p in Colonial Securities Deferred following news of the company's proposed capital scheme which is expected to reduce the discount to net asset value.

Golds improve

Mining shares opened Christmas week quietly, although the renewed firmness in the bullion price helped gold shares. Gold finally closed at $595.50, up $11, and the Gold Mines index put on 13.4 to 441.4.

South African Golds were firm all day in line with the metal. West Driefontein shone with a rise of 1⅜ to £42¾, while gains of about ⅜ were common to Randfontein Estates, £39, President Brand, £26⅜, Vaal Reefs, £39⅞, President Steyn, £22⅞, and Southvaal, £17⅞.

Among the lower-priced issues Welkom were outstanding with a gain of 45 to 881p. Free State Saiplaas put on 34 to 446p, Blyvoor 33 to 966p and Ventersprost 28 to 656p.

South African Financials were mixed, with "Amgold" showing a 1¼ rise to £53¼, and Anglo American 15 firmer at 725p. Gencor and "Johnnies" closed unchanged at 950p and £33½ respectively, while Gold Fields of South Africa dipped ¼ to £39p. Minorco gained 15 to 635p.

London Financials opened firmer, but attracted little buying interest. Consolidated Gold Fields put on 3 to 520p, Tanks held at 295p, while Charter dipped 1 to 217p and Rio Tinto-Zinc lost 3 to 410p.

In generally quiet Platinums, Impala and Lydenburg both put on 5, to 375p and 170p respectively, while Rustenburg finished 2 firmer at 270p.

Little interest developed in Australians, although the golds gained ground. Gold Mines of Kalgoorlie ended 10 better at 510p, Poseidon put on 7 to 295p and North Kalgurli 4 to 76p.

FINANCIAL TIMES STOCK INDICES

	Dec. 22	Dec. 19	Dec. 18	Dec. 17	Dec. 16	Dec. 15	A year ago
Government Secs.	69.06	68.58	68.03	67.83	68.11	68.00	63.48
Fixed Interest	70.39	70.07	69.91	69.96	70.10	70.09	65.05
Industrial Ord.	464.6	466.5	466.5	466.5	462.9	464.4	417.5
Gold Mines	441.4	428.0	433.1	433.8	434.1	441.2	262.3
Ord. Div. Yield	7.65	7.63	7.64	7.26	7.37	7.35	7.79
Earnings, Yld. % (full)	17.11	17.05	17.14	17.12	16.98	17.16	12.38
P/E Ratio (net) (*)	7.17	7.19	7.14	7.15	7.21	7.13	8.33
Total Bargains	16,070	18,210	16,218	18,825	12,187	17,082	5,925
Equity turnover £m.	—	98.00	105.47	115.20	122.32	109.32	23.17
Equity bargains total	—	10,670	11,075	12,692	13,682	13,311	4,621

10 am 466.5. 11 am 465.2. Noon 463.5. 1 pm 463.1. 2 pm 463.1. 3pm 463.4.

Latest Index 01-246 8026.

* Nil=6.62.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compil'tn High	Since Compil'tn Low
Govt. Secs.	72.54 (2/1/7)	63.85 (7/8)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.02 (24/7)	64.70 (10/8)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	516.2 (21/11)	406.9 (5/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	556.2 (22/9)	265.5 (18/6)	558.2 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Dec. 22	Dec. 19
—Daily		
Gilt Edged	23.7	100.1
Industrials	65.3	62.5
Speculative	24.7	28.6
Totals	42.0	48.8
5-day Avrge.		
Gilt Edged	94.2	98.6
Industrials	67.4	70.0
Speculative	52.2	32.0
Totals	60.8	53.1

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (18)

BRITISH FUNDS (2)
Treas. 8½pc '80-82 Exch. 3pc 1984
AMERICANS (1)
Cont. Illinois
ELECTRICALS (1)
Pilco
ENGINEERING (2)
Howden Group Northern Eng.
FOODS (2)
Hillards Sainsbury (J.)
INDUSTRIALS (3)
Gieves Group Trafalgar House
Monsanto 5pc '82-86
LEISURE (1)
Horizon
NEWSPAPERS (2)
Collins (William) Do. 'A'
PROPERTY (1)
Trust Secs.
TRUSTS (2)
Colonial Secs. M. & O. Holdings
MINES (1)
York Resources

NEW LOWS (34)

AMERICANS (1)
Chrysler
BEERS (1)
Allied Breweries
BUILDINGS (1)
Hewden-Stuart
CHEMICALS (1)
Blagden & Noakes
STORES (3)
Blackman & Conrad Smith (W. H.) 'A'
Raybeck
ELECTRICALS (2)
A. B. Electronic Arlen Elec.
ENGINEERING (4)
Bailey (C. H.) Dennis (J. H.)
Brit. Aluminium Johnson Firth Brown
INDUSTRIALS (12)
Assoc. Comms. 'A' Sesimor
Bellair Cos. Sharna Ware
Ferguson Ind. UKO Int.
Hargreaves United Gas
Kleen-E-Ze Wilter (T.)
Myson Group Wood & Sons
MOTORS (3)
Woodhead (J.) Manor Nat. Group
Adams & Gibbon
NEWSPAPERS (2)
BPM Pearson Longman
TEXTILES (1)
Illingworth Morris 'A'
TRUSTS (1)
Kakuzi
OIL AND GAS (2)
Brenon Marinex

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	89	1	5
Corpns. Dom. and Foreign Bonds	30	2	30
Industrials	154	237	1,002
Financial and Prop.	63	85	342
Oils	15	29	24
Plantations	3	3	18
Mines	55	33	76
Others	51	53	52
Totals	465	443	1,549

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
Shell Transport	25p	10	472	−6	522	314
BP	25p	6	426	−2	502	320
ICI	£1	6	326	−4	402	314
NatWest Bank	£1	6	378	−4	428	305
Phoenix Timber	25p	6	110	+10	147	75
Premier Cons.	5p	6	108	+1	127	36
Assoc. Comms. 'A'	25p	5	45	−3	117	45
Burmah Oil	£1	5	187	−1	249	162
Davy Corp.	25p	5	169	−2	175	76
European Ferries	25p	5	152	−1	192	98
GEC	25p	5	595	+2	618	326
Glaxo	50p	5	260	+2	270	182
Imperial Group	25p	5	71	—	89¼	71
New Court Nat.	5p	5	87	—	118	32
RTZ	25p	5	410	−3	486	322

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec. 15	Jan. 2	Mar. 26	Apr. 6
Jan. 5	Jan. 16	Apr. 6	Apr. 21
Jan. 19	Jan. 30	Apr. 29	May 11

For rate indications see end of Share Information Service

Call options were arranged in FNFC, Double Eagle, Associated Communications, Woodside, Simmer and Jack, Keep Investments, Hambro Life, Keith Collins Petroleum, Western Mining, Dunlop, Westminster Property, Turner and Newall, Oil Co. of Australia and Bardsley. A put was done in Lorraine, while doubles were transacted in Premier Oil, Freemans, BSG and Charterhall.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., Dec. 22, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., Dec. 19 Index No.	Thurs., Dec. 18 Index No.	Wed., Dec. 17 Index No.	Tues., Dec. 16 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (170)	282.56	−0.2	15.60	5.84	7.87	283.07	283.10	284.56	285.37	214.49
2	Building Materials (27)	238.80	−0.3	19.45	7.23	6.12	239.41	239.74	242.16	242.13	199.18
3	Contracting, Construction (26)	396.79	−0.3	22.99	6.39	5.22	397.88	399.52	400.81	398.75	328.99
4	Electricals (17)	942.60	—	10.37	2.88	11.97	942.75	936.37	938.67	949.84	550.53
5	Engineering Contractors (11)	397.63	−0.1	15.31	6.51	8.35	398.05	395.13	398.24	375.34	292.99
6	Mechanical Engineering (73)	170.86	−0.3	17.36	7.70	7.16	171.41	171.90	172.11	172.39	150.15
8	Metals and Metal Forming (16)	132.53	−0.4	21.82	11.98	5.72	133.05	136.28	138.86	139.34	146.40
	CONSUMER GOODS										
11	(DURABLE) (48)	230.73	+0.2	13.50	5.25	8.91	230.34	231.18	231.59	232.35	193.17
12	Lt. Electronics, Radio, TV (14)	358.48	−0.2	10.47	3.97	11.68	359.14	361.54	361.57	363.58	261.28
13	Household Goods (13)	83.44	+0.1	26.30	9.48	4.78	83.39	82.64	82.85	82.17	117.22
14	Motors and Distributors (21)	91.99	+1.5	22.25	9.18	5.20	90.61	90.12	90.85	90.58	103.97
	CONSUMER GOODS										
21	(NON DURABLES) (172)	234.09	−1.1	16.95	6.84	7.10	236.60	236.67	237.25	238.44	205.04
22	Breweries (14)	262.39	−0.6	15.98	6.99	7.59	263.86	263.77	263.09	265.58	252.95
23	Wines and Spirits (5)	269.06	−0.5	22.94	7.64	5.12	270.55	266.69	267.98	272.72	298.45
24	Entertainment, Catering (16)	344.21	−0.1	16.76	6.42	7.34	344.40	346.06	349.60	350.50	271.89
25	Food Manufacturing (23)	210.70	−0.3	18.72	7.48	6.36	211.32	211.77	212.27	213.46	191.32
26	Food Retailing (14)	444.75	+0.1	10.54	3.49	11.22	444.43	442.08	443.97	444.27	293.65
32	Newspapers, Publishing (12)	424.34	−0.7	23.00	6.91	5.68	427.34	427.02	426.14	426.70	379.42
33	Packaging and Paper (15)	111.39	−1.4	28.99	10.94	3.99	112.93	113.25	113.19	113.72	117.44
34	Stores (44)	240.93	−2.3	12.38	5.22	10.57	246.57	246.11	246.18	247.39	192.59
35	Textiles (21)	122.09	−1.1	20.87	10.89	6.21	123.45	123.37	123.66	123.73	126.34
36	Tobaccos (3)	196.66	−0.8	29.18	11.84	3.90	198.15	201.21	203.68	203.59	202.90
37	Toys and Games (5)	23.17	+0.6	—	5.84	—	23.03	23.03	23.03	22.70	47.46
41	OTHER GROUPS (98)	217.84	−0.2	16.16	7.28	7.39	218.23	217.16	216.70	216.61	188.09
42	Chemicals (15)	295.98	−0.9	17.77	8.24	6.59	298.52	295.97	292.57	293.41	280.80
43	Pharmaceutical Products (7)	253.47	+0.5	10.46	5.63	11.37	252.20	249.65	248.89	248.52	195.83
44	Office Equipment (6)	101.29	−1.0	20.30	8.21	5.76	102.29	102.45	103.33	104.07	103.81
45	Shipping (10)	543.33	−0.2	13.53	6.71	9.03	544.54	544.06	550.33	548.51	413.05
46	Miscellaneous (60)	262.95	+0.2	17.82	7.27	6.85	262.30	262.29	263.15	262.18	219.48
49	INDUSTRIAL GROUP (488)	249.54	−0.5	16.16	6.55	7.51	250.87	250.70	251.24	252.02	208.99
51	Oils (12)	934.32	−0.9	25.70	5.63	4.33	942.41	946.14	955.05	953.22	695.21
59	500 SHARE INDEX	303.65	−0.6	18.45	6.33	6.39	305.52	305.65	306.85	307.42	247.43
61	FINANCIAL GROUP (118)	229.86	−0.7	—	5.77	—	231.59	231.76	232.03	232.20	182.61
62	Banks (6)	243.13	−1.2	42.08	7.02	2.85	246.05	248.18	247.23	247.64	222.16
63	Discount Houses (10)	281.81	—	—	6.10	—	281.81	280.76	281.92	274.75	218.05
64	Hire Purchase (5)	197.97	—	12.29	5.28	10.98	198.03	197.36	200.44	199.22	167.02
65	Insurance (Life) (10)	226.60	−1.1	—	5.82	—	229.19	230.57	230.29	229.34	154.81
66	Insurance (Composite) (9)	143.59	−1.3	—	8.02	—	145.55	145.48	145.20	144.73	121.94
67	Insurance Brokers (9)	313.11	−0.6	14.71	7.40	9.31	315.02	317.42	329.82	329.19	267.48
68	Merchant Banks (13)	143.31	+0.2	—	5.40	—	143.02	142.59	143.67	143.01	89.83
69	Property (45)	436.28	−0.2	3.38	2.82	41.21	437.13	433.77	433.98	439.43	317.00
70	Miscellaneous (11)	163.20	−0.1	16.58	5.94	7.66	163.32	163.22	163.32	160.32	119.94
71	Investment Trusts (109)	281.56	—	—	5.35	—	281.52	279.34	279.31	278.28	192.03
81	Mining Finance (3)	229.67	−0.1	14.28	5.84	8.34	229.96	230.30	230.34	229.40	156.31
91	Overseas Traders (20)	424.95	−0.7	11.89	6.91	10.20	428.01	423.01	422.48	421.47	396.60
99	ALL-SHARE INDEX (750)	288.75	−0.6	—	6.17	—	290.45	290.37	291.23	291.53	230.46

FIXED INTEREST PRICE INDICES

	British Government	Mon., Dec. 22	Day's change %	Fri., Dec. 19	xd adj. today	xd adj. 1980 to date
1	Under 5 years	107.14	+0.30	106.82	—	10.19
2	5-15 years	109.46	+0.75	108.75	0.10	13.18
3	Over 15 years	114.29	+0.76	113.53	0.11	14.84
4	Irredeemables	127.45	+0.99	126.20	—	13.54
5	All stocks	110.03	+0.61	109.43	0.07	12.63

FIXED INTEREST YIELDS

British Govt. Av. Gross Red.

			Mon., Dec. 22	Fri., Dec. 19	Year ago (approx.)
1	Low Coupons	5 years	11.92	12.00	12.67
2		15 years	11.92	12.00	12.70
3		25 years	11.92	12.00	12.73
4	Medium Coupons	5 years	13.40	13.57	14.48
5		15 years	13.73	13.85	14.32
6		25 years	13.38	13.48	14.17
7	High Coupons	5 years	13.88	14.02	14.72
8		15 years	13.93	14.06	14.79
9		25 years	13.59	13.71	14.59
10	Irredeemables		11.55	11.66	12.16

		Mon. Dec. 22 Index No.	Mon. Dec. 22 Yield %	Friday Dec. 19	Thurs. Dec. 18	Wed. Dec. 17	Tues. Dec. 16	Mon. Dec. 15	Friday Dec. 12	Thurs. Dec. 11	Year ago (approx.)
15	20-yr. Red. Deb. & Loans (15)	52.22	14.01	52.88	52.67	52.68	52.23	50.26	53.32	53.41	49.66
15	Investment Trust Prefs. (15)	51.33	15.13	52.00	52.00	52.00	52.00	52.32	60.32	52.32	48.28
17	Coml. and Indl. Prefs. (20)	67.63	13.31	67.76	67.63	67.63	67.10	66.87	66.27	66.21	61.12

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

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OFFSHORE & OVERSEAS—contd.

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Neue Mainzer Strasse 74-76, D-6000 Frankfurt

Kleinwort Benson Group
20, Fenchurch St., EC3. 01-623 8000

Guernsey Inc.	89.0	94.7	.....	5.13
Do. Accum.	120.5	128.1	.....	5.13
K.B. Eurobond Fd.	£8.87	8.97	.....	9.49
K.B. Far East Fd.	US$24.71		.....	1.62
K.B. Gilt Fund	£9.91	9.98	.....	12.22
K.B. Intl. Bd. Fd. Inc.	US$96.26		.....	9.49

Save & Prosper International
Dealing to
P.O. Box 73, St. Helier, Jersey 0534 73933
Fixed Interest Funds

Deutschmark Bd.	DM8.94	9.52	.....	5.78
Dllr. Fxd. Int.	US$7.61	8.10	.....	9.26
St. Fixed	102.4	108.3	.....	12.93
Yen Bond	Y983	1036.0	.....	4.83

[illegible]

NOTES

[illegible]

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FT UNIT TRUST INFORMATION SERVICE

Abbey Unit Tst. Mngrs. (a) (g)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (g)

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Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a) (c)

Archway Unit Tst. Mgs. Ltd.

Barclays Unicorn Ltd. (a)(c)(g)

Baring Brothers & Co., Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia/Schlesinger

Britannia Trust Management (a) (c) (g)

Schlesinger Trust Mngrs. Ltd. (a)(c)(g)

The British Life Office Ltd.

Brown Shipley & Co. Ltd.

Canada Life Unit Tst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carr, Sebag Unit Trust Managers (a)

Carliol Unit Fd. Mgrs. Ltd.

Charities Official Invest. Fund

Chieftain Trust Managers Ltd.

Confederation Funds Mgt. Ltd. (a)

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)

Dartington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmnt. Ltd.

Equity & Law Un. Tr. M. (a)(b)(c)

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Trust Mgrs. (a) (b) (c).

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers (a) (g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a) (b) (c)

Hill Samuel Unit Tst. Mgrs. (a)

Investment Intelligence Ltd. (a)

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General (Unit Tst. Mngrs.) Ltd. (a)

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group (y)(c)(z)

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mgmt. (a)

Mutual Unit Trust Managers (a)(g)

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd. (a)(g)

Norfolk Unit Trust Managers Ltd. (c)(y)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt. (a)

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd. (a)(b)(c)

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g) (x)

Rowan Unit Trust Mngt. Ltd. (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Saturn Fund Management Limited

Save & Prosper Group

Scottish Equitable Fnd. Mgrs. Ltd.

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd. (a)

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd. (a)(g)

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co. (y)

Tyndall Managers Ltd. (a)(b)(c)

TSB Unit Trusts (y)

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

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Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance Co. Ltd.

Eagle Star Insur/Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

London A'deen & Nthn. Mtl. Assur. Ltd.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Phoenix Assurance Co. Ltd.

Planned Savings Group

Premium Life Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

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Standard Life Assurance Company

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

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Sun Life Unit Assurance Ltd.

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Tyndall Assurance/Pensions

Vanbrugh Life Assurance

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Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

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Alexander Fund

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Alliance International Dollar Reserves

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Eurobond Holdings N.V.

F & C Mgmt. Ltd. Inv. Advisers

Fidelity International

First Viking Commodity Trusts

Fleming Japan Fund S.A.

Continued on previous page

FT SHARE INFORMATION SERVICE

LOANS

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		Public Board and Ind.				
64½	56½	Agric. Mt. 5pc '59-89	61	−1	8.26	12.71
84	73½	Alcan 10½pc '89-94	76xd	......	13.81	14.70
30	25	Met. Wtr. 3pc 'B'	29	+¼	10.67	12.84
104½	89	U.S.M.C. 9pc 1982	98½xd	......	9.13	—
93	85½	Do. without Warnts.	91xd	......	9.89	12.70
		Financial				
99⅝	96½	FFI 13pc 1981	99	......	13.06	15.42
101½	93½	Do. 14pc '83	99½	+½	13.93	13.79
90	79½	FFI(UK Fo)5½pcDb. '80-2	89½	......	6.14	13.45
82½	71½	Do. 6¾pcDb. '81-84	79½	+½	7.94	13.30
93	80½	Do. 10½pc Uns.Ln. '86	86xd	+½	12.20	14.50
92½	77	Do. 11pc Uns.Ln. '88	86xd	+½	12.79	13.75
96	82	Do. 11¾pc Uns.Ln. '90	87xd	......	13.51	14.40
101	84½	Do. 12½pc Un. Ln. 1992	92½	+1	14.02	14.45
67	56	Do. 7¾pcADeb. '89-92	61xd	+1	11.88	14.05
66½	31½	Do. 7¾pcADeb. '91-94	60½	+½	12.41	14.20
76½	64½	Do. 9pc 'A' '91-94	71	+½	13.14	14.30
71½	61	Do. 8⅞pcLn. '92-97	68½	+½	13.66	14.40

BRITISH FUNDS

Undated

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
34¾	29	Consols 4pc	33⅝	+¼	12.48	—
33¼	28¾	War Loan 3½pc‡‡	30	+⅛	11.48	—
37¾	32¾	Conv. 3½pc '61 Aft.	37¼	+¼	9.60	—
25⅞	21⅛	Treasury 3pc 66 Aft.	24¾	+⅜	12.45	—
22⅞	19½	Consols 2½pc	20¾xd	+¼	12.00	—
22	17⅞	Treasury 2½pc	20⅛	+¼	12.46	—

INTERNATIONAL BANK

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
88	78	5pc Stock '77-82	87¼	......	5.73	13.80

CORPORATION LOANS

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
97¾	83⅝	Bath 11¼pc 1985	91½	+½	12.36	19.84
98¾	89½	Birm'ham 12½pc 1985	95¾	+½	13.05	13.78
99¾	96¼	Bristol 13¾pc 1981	99¾	......	13.74	14.50
102¾	90	Burnley 13pc 1987	96¾	+½	13.54	13.90
95¾	82¾	Cardiff 11pc 1986	90¾	+½	12.36	13.74
98½	93	G.L.C. 12½pc '82	98	......	12.76	14.10
98¾	90¾	Do. 12½pc 1983	97½	+¼	12.82	13.63
92½	84¾	Glasgow 9¼pc '80-82	92¼	......	10.03	14.01
77	64½	Herts 6½pc 1985-87	75	+½	9.32	13.08
90½	81¼	Liverpool 9¾pc '80-84	89¾	+½	10.86	13.60
27	24	D. 3½pc Irred.	25¼	+¼	14.12	—
100¼	92¼	Lon. Corp. 13¾pc '83	99	+⅛	13.38	13.67
94	79¾	Do. 9¼pc '84-85	87¾	−½	10.59	12.86
80½	71	L.C.C. 5½pc '82-84	79	......	6.96	13.02
71¼	60½	Do. 5½pc '85-87	67¾xd	+½	8.13	13.03
71¼	60¼	Do 6¾pc '88-90	66¾xd	+½	10.12	12.91
24	21	Do. 3pc '20 Aft.	23	......	13.32	—
97½	87¾	Sunderland 12¾pc 1984	95¾xd	+½	12.79	13.63

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
91¾	82¼	Aust. 5½pc '81-82	91¼	+½	6.07	13.67
05¼	72½	Do. 6pc 1981-83	83½	+½	7.20	12.99
67¾	58	N.Z. 7¼pc 1988-92	63½xd	+½	11.36	13.53
82¾	72	Do. 7½pc '83-86	77¼xd	+½	9.65	13.26
96¼	88	Sth. Africa 9½pc '79-81	95¾	+¼	10.05	16.29
160	95	S. Rhod. 2½pc Non-Ass.	110	......	—	—
44	31	Do. 3½pc 80-85 Assd.	44	......	0.27	24.80
30	20½	Do. 4½pc 87-92 Assd.	30	......	16.13	22.20

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Finance

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Diamond and Platinum

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MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Yld Gr's
37	21	Acmex 50c	33	−4	1p	—	3.7
28	12	ACM 20c	18½	+2½	—	—	—
•199	46½	Bond Corp.	154xr	+17	Q7.5c	1.9	2.4
156	87	Bougainville I Kina	98	+1	[illegible]	1.0	13.7
[illegible]							

Tins

[illegible]

Copper

[illegible]

Miscellaneous

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Yld Gr's
180	78½	Anglo-Dominion	151	......	—	—	—
97	43	Barymin	55	+3	—	—	—
17	12	Burma Mines 10p	15	......	0.62	1.1	6.0
445	53	Colby Res. Corp.	288	......	—	—	—
502	240	Cons. Murch. 10c.	258	......	1030c	1.8	6.9
180	80	††Hemerdon 10c.	85	......	—	—	—
225	36	Highwood Res.	165	−5	—	—	—
585	325	Northgate C$1	380	......	—	—	—
•486	322	R.T.Z.	410	−3	116.0	3.2	5.6
£115	£101	Do. 9½%Cv.Un.Ln.'95-2000	£102	......	Q9½%	—	18.7
49	16	Robert Mines	35	−1½	—	—	—
128	91	††SPO Minerals 10p	120	......	—	—	—
58	26	Sabina Inds. C$1	35	−2	—	—	—
51	31	††SWCM 10p	34	......	—	—	—
650	411	Tara Exptn. $1	490	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- • Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
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- ♦ Figures or report awaited.
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- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- ≠ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ *Merger bid or reorganisation in progress.*
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- •• Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	39	......
Bertam	11	......
Bdg'wtr. Est. 50p	515	+5
Craig & Rose £1	£11xd	......
Fife Forge	39	......
Finlay Pkg. 5p	23	......
Graig Ship. £1	£19	......
Higsons Brew.	67	......
Holt (Jos) 25p	310	......
I.O.M. Stm. £1	162	......
Pearce (C. H.)	635	......
Peel Mills	57	......
Sheff. Refrshmt	92xd	......
Sindall (Wm.)	141	......

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£93⅛	......
Nat. 9¾% 84/89	£79½	−¼
Fin. 13% 97/02	£86⅝	+¼
Alliance Gas	52	......
Arnott	205	......
Carroll (P.J.)	80	......
Concrete Prods.	83	......
Heiton (Hldgs.)	33	......
Ins. Corp.	320	......
Irish Ropes	30	−6
Jacob	34	......
T.M.G.	25	−1
Unidare	83	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	7	I.C.I.	28	Utd. Drapery	6½
BOC Intl.	9	"Imps"	7½	Vickers	15
B.S.R.	4½	I.C.L.	14	Woolworths	5½
Babcock	12	Inveresk	3	**Property**	
Barclays Bank	40	Ladbroke	24	Brit. Land	8
Beecham	15	Legal & Gen.	20	Cap. Counties	11
Blue Circle	30	Lex Service	10	Land Secs.	35
Boots	20	Lloyds Bank	28	MEPC	20
Bowaters	22	"Lofs"	4	Peachey	17
B.A.T.	25	London Brick	6	Samuel Props.	15
Brown (J.)	8	Lucas Inds.	20	Town & City	3
Burton	10	"Mams"	18	**Oils**	
Cadburys	6	Mrks. & Spncr	9	Brit. Petroleum	58
Courtaulds	6½	Midland Bank	32	Burmah Oil	20
Debenhams	0	N.E.I.	7	Charterhall	13
Distillers	17	Nat. West. Bank	32	KCA	22
Dunlop	7½	P & O Dfd.	12	Premier	14
Eagle Star	24	Plessey	25	Shell	48
F.N.F.C.	4	Racal Elect.	35	Tricentrol	40
Gen. Accident	32	R.H.M.	4	Ultramar	50
Gen. Electric	50	Rank Org.	16	**Mines**	
Glaxo	22	Reed Intnl.	18	Charter Cons.	30
Grand Met.	14	Sears	5	Cons. Gold	55
G.U.S. 'A'	48	Tesco	5½	Lonrho	10
Guardian	32	Thorn	28	Rio T. Zinc	45
G.K.N.	16	Trust Houses	18		
Hawker Sidd.	20	Tube Invest.	21		
House of Fraser	15	Unilever	50		
		U.D.T.	5		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 28

FINANCIAL TIMES
Tuesday December 23 1980

Tories warned of tough future

BY ELINOR GOODMAN

THE Prime Minister yesterday prepared the Conservative Party faithful for another tough year ahead. But, Mrs. Thatcher said, there was a "real hope" that a year from now things would be looking "distinctly brighter."

She acknowledged, however, that it would take longer for the recovery to be reflected in lower unemployment and that it could take "a decade" for the Government to finish the task it was elected to do.

In a seasonal message to party members Mrs. Thatcher again emphasised her determination to stick to the Government'a economic policy. But she promised that the Government would do everything it could—"short of changing our esseotial strategy"—to help the unemployed and those businesses which were suffering severely.

Forecasts

Mrs. Thatcher's message came as Sir Geoffrey Howe, Chancellor of the Exchequer, tried to dispel the worst gloom spread by the latest report from the Organisation for Economic Co-operation and Development. He would not, he said, accept the OECD's figures. Britain, he said, could "heat the forecasts if we really try."

Interviewed on Indepeodent Televisioo News, Sir Geoffrey repeated the Government's view that the recession would end next year.

He held out the prospect of a further fall in inflation next year aod of interest rates "continuing to come down." Proper control of public spending would enable the Government to get borrowing under control, he said.

Nevertheless, Sir Geoffrey's optimism was distinctly guarded. He made it clear that the Government's bopes of a recovery depended heavily on the workforce responding to the Government's calls for greater productivity.

Standards

"If we can go on achieving good sense with moderate pay settlements, getting rid of our worst working practices, getting away from the habit of striking," he said, "then we can begin recovering for ourselves living standards and lower levels of unemployment and defy all forecasts."

Ministers expect that the Government will be more unpopular next year as earnings fall behiod price rises aod unemployment continues to rise. Mrs. Thatcher acknowledged this in her message to the party faithful.

Israel cuts defence budget

BY DAVID LENNON IN TEL AVIV

THE ISRAELI Cabinet last night confirmed its decisioo to slash one-third off the Defence Ministry's $3bn (£1.3bn) budget request for next year. This was in spite of a fierce rearguard action by the army, which warned that the cut would impair its ability to defend the country.

The ministers listened to tha pleas for more money but decided that reducing the defance budget was economically essential and not harmful to the country'a security.

The budget cut is primarily aimed at fighting the country's runaway inflation, which has fed on excesses in government spending.

The chief of staff and his seoior generals warned the Cabinet that such a severe cut in the defeoce budget would adversely affect the country's defence capability.

The generals warned that Israel's 165,000-strong armed forces would probably bave to be cut by 10,000 with 15,000 to 20,000 employees in the military industries also being laid off.

Dangers

Plans to build the Lavie combat aircraft would have to be shelved, and there would be a slowdown in replacing ageing aircraft and tanks with the locally made Kfir fighter and the Merkava battle tank.

Training time for pilots and troops would also bave to be cut.

The generals also warned of tha dangers of depleting ammunition and equipment stockpiles built up after the 1973 war, when Israeli troops found themselves running out of shells and bullets in the midst of battle.

But the Government sees the fight against inflation, which in the past three months ran at an annual rate of 180 per cent, as its first priority. It is therefore prepared to challenge the previously unquestioned demands of the military.

The peace treaty with Egypt and the demonstrated weakness of the Iraqi army in the Gulf war served to reinforce tha Cabinet's belief that defence spending could be cut without endangering the country's security.

The Cabinet earlier in the day decided not to support a private members' Bill io the Knesset which called for the annexation by Israel of the Golan Heights captured from Syria in 1967.

Image

The Ministers thus drew back from a confrontation with Israel'a friends abroad who had warned that annexing the Golan could lead to severe international criticism and further isolation of the country.

The Cabinet decided that the timing of the anoexatioo move was inauspicious and would harm the country's image whila not altering tha reality on the ground.

Reagan keeps promise with latest Cabinet posts

BY OUR FOREIGN STAFF

U.S. President-Eelect Rooald Reagan yesterday fulfilled a promise that mincrities and womeo would be represented in his Cabinet by announcing the appointment of a black attorney as Housing Secretary and a woman as Ambassador to the Uoited Nations.

Mr. Samuel Pierce, 58, a New York lawyer and former state judge, will be in charge of housing and urbao development.

The oew UN Ambassador is Professor Jeana Kirkpatrick, 53, a conservative Democrat who supported Mr. Reagan in the election campaign. She will be the first woman to hold the UN post.

The two other Cabinet-level appointments annouoced yesterday were Mr. James Edwards, former governor of South Carolina, as Energy Secretary, and Mr. James Watt, a conservative Colorado attorney, as Interior Secretary.

Mr. Reagan has filled 14 Cabinet posts, with the Agriculture Secretary, Educatioo Secretary and special trade representative, who may be giveo Cabinet rank, yet to be named.

The President-elect's Press office said more Cabinet appointments would be made today.

Mr. Reagan is expected to name Mr. John Block, state secretary of agriculture in Illinois, to the same position at the national level. According to Congressiooal officials, the announcement was held up by the need to complete security checks.

High-ranking

Mr. Pierce is a former New York Supreme Court justice who beld posts in the Treasury and the Labour Department during the Nixon Administration.

He was oamed in a 1964 memo by a high-ranking FBI official as the black the bureau hoped would take over as leader of tha civil rights movement if the FBI's campaign to discredit Martin Luther King succeeded.

Mrs. Kirkpatrick is a political science professor at Georgetown University. Last year she wrote an article on foreign affairs that attracted Mr. Reagan's interest.

Although a Democrat, she is a member of the American Enterprise Institute—a conservative-oriented think tank—and served as a member of Mr. Reagan's transition foreign policy advisory group.

Mr. Edwards, 53, an oral surgeon in Charleston, South Carolina, was South Carolina's governor from 1975 to 1979. He has said he would enjoy presiding over the demise of the two-year-old Eoergy Department, which Mr. Reagan promised during his campaign to dismantle.

Mr. Watt, 42, is known for his legal battles against Federal environmental regulations. His activism oo this froot has drawn sharp criticism from environmental groups, who urged Mr. Reagan to reconsider the appointment.

Lack of investment may hit rail safety

By Gareth Griffiths

BRITISH RAIL'S safety standards are likely to deteriorate because of lack of investment, says an official report published yesterday.

The report to the Government by Lt. Col. Ian McNaughton, the chief inspecting officer of railways, found that safety maintenance work and track renewal have been deferred because of lack of finance. The situation was deteriorating rather than improving.

British Rail said last night that its track renewal programme was running aboot 200 miles a year behiod schedule. British Rail is planning to close unsafe lines and it estimates that about 3,000 miles could close in 10 years unless it gets the funds for renewal.

The report found that BR's safety record was "a not unsatisfactory one." A breakdown of causes of railway accidents showed no major differences between 1977 and 1979 although there were increases in accidents caused by staff error and technical defects.

The report, which covers accidents in 1979, fooud that the total number of derailments caused by faulty track conditions rose from 46 in 1978 to 48—more than a quarter of all reportable derailmeots.

Derailments doe entirely to defective track rose from 13 in 1978 to 17 last year. Nine derailments occurred oo track where maintenance work had been deferred. Maintenance staff, often at a fairly low level in the organisation, have to make judgments involving speed restrictions. The report says to "be over cautious commits valuable resources unnecessarily or impedes traffic movement."

Deaths on the railways showed a slight fall last year, but were higher than the average for the past five years. A total of 107 deaths occurred through the working of the railways in 1979, seven fewer than in 1978.

Most accidents en British Rail came under the responsibility of railway staff: 229 out of the 243 significant train accidents in 1979 compared with 205 out of 220 in 1978.

"In looking for an explanation of this increase, which amounts to 10.5 per cent in respect of accidents caused by staff error and 14.5 per ceot for those caused by technical defects, part at least arises from the direct or indirect effects of the continuing financial problems

The positioo could oot improve as long as the average age of track goes on increasing and deferment of track reoewal programmes could only lead to an increase in the number of derailments, says the report.

British Rail's maintenance quality, and the failure of staff to observe speed restrictions oo derailment prone wagons, is criticised by Lt. Col. McNaughton.

But in general the report adds weight to British Rail's demands for more funding. The BR corporate plan for 1981 to 1985 published earlier this month, says there is insufficient cash to maintain the whole of the track and signalling throughout the country.

The Government is likely to be embarrassed by the report's findings. The inspector of railways reports to Mr. Norman Fowler, Transport Secretary, and it is believed this is the first time such implied criticism of government funding of BR has been contained in the annual safety report. Mr. Fowler said in the Commons on December 10 that division of finance into investment and maintenaoce work was an internal matter for BR.

German move on foreign loans

BY JONATHAN CARR IN BONN

WEST GERMAN banks agreed to hold back temporarily on loog-term lending to foreign borrowers. This move should help ease the problem of financiog the country's huge current account deficit.

Latest figures show that this deficit was DM 27.1bn in the first 11 months—three times the size of that for the whole of 1979. The trade deficit for November was DM 400m aod the current account deficit DM 1.1bo.

Uoder the terms of a "gentleman's agreemeot" reached last week with the Buodesbank the banks pledged to exercise restraint at least until the eod of next March in providing to foreigners loans of more than four years' maturity.

It is emphasised that neither Governmeot nor central bank supports formal imposition of controls on capital exports—a step which it is felt could be circumvented and would almost certainly be counter-productive, further weakening confidence in the Deutschemark.

The Bundesbank is knowo to be seriously concerned by the continuing outflow abroad of funds. This means the current account deficit must be financed through a constant reduction in central bank reserves.

Part of this outflow is via long-term bank lending, which represeoted a net capital export of about DM 500m in the first 10 months this year compared with a net import of DM 16.3bo in the corresponding period of 1979.

In particular, net capital exports via long-term bank lendiog totalled no less than DM 1.8bo in August-October, compared with a net capital import of DM 1.1bn in May-July.

The oew accord with the banks supplements a decision last month by the capital markets sub-committee to call a temporary halt to the flow of new foreign Deutschemark bood issues.

Major Germao banks should shortly receive from the Buodesbank a letter confirming the terms of a gentleman's agreement reached last week to extend the restrictions on the volume of new foreigo D-Mark bond issues.

The decisioo of the markets sub-committee to halt the issue of new D-Mark bonds and private placements for foreign borrowers was taken on November 12. The sub-committee is an unofficial group which brings together representatives of six leading German banks and an observer from the Bundesbank.

Exceptions to its exteoded moratorium include some issues for supranational borrowers and the odd issue for a foreign borrower if the Bundesbank is satisfied that the latter is being placed outside West Germaoy—and thus does not involve any export of capital. The bulk of foreign D-Mark issues since October have been placed with German investors.

Of the DM 885m-worth of foreign D-Mark bonds issued since November 12, DM 775m have been for supranatiooal borrowers.

These informal restraints follow the Bundesbank's effort to encourage capital imports by allowiog foreigners to buy domestic fixed-interest securities of only ooe year's maturity, compared with the two or more years' maturity previously stipulated.

Massey companies in receivership

BY ROBERT GIBBENS IN MONTREAL

MASSEY FERGUSON, the parent company of the troubled Canadian agricultural machioery maker, confirmed in Toronto yesterday that two of its Australian subsidiaries bad applied for a receiver-manager until June 30, 1981.

The request was made to the Supreme Court of Victoria and an order was received appointing J. M. Poulton and D. A. Crawford Receivers and Managers of Massey Ferguson Holdings Australia Limited and Massey Ferguson Finance Australia Limited.

Massey Ferguson said it regretted that Capel Court Acceptance Limited, an associate of the Midland Bank in Australia, took action seeking a winding up of the two subsidiaries for non-payment of a debt.

"This in turn forced us to apply for Receivership," a spokesman said. However the action by Massey Ferguson was defensive and designed to allow the two Australian subsidiaries to cootinue in business and paying its regular trade debts.

Massey Ferguson said that under its global refinancing programme, supported by the Canadian and Ontario Governments, it had asked all its international lenders to forego payment of principal pending completion of its new refinancing programme announced oo December 13. Under this plan, the Australian subsidiaries had been requested not to repay principal.

On December 12, Massey Ferguson said it had abandoned a plan to raise U.S.$350m (£149m) through a public issue of coovertible preferred shares. The 250 banks to which it is in debt would receive equity in Massey Ferguson in exchange for cancelling interest due on their loans to Massey.

According to Massey, all its "other banks have stood firm waiting to see the results of our latest refinanciog plan."

ICI overtime ban

Continued from Page 1

than 4,000 jobs, largely in fibres, because of the poor trading position of that divisioo.

The unions believe however that 2,000 to 3,000 jobs more could be threatened in fibres and other divisions. This figure has not been confirmed by the company.

The proposal for an overtime ban was made by the General and Municipal Workers Unioo and accepted by the seven signatory unions.

Mr. David Warburton, GMWU national officer and chairman of the signatory unions' committee, said yesterday that the executives of individual unions might make the overtime ban an official instruction.

Even without this the signatory unions had made it clear that they wanted all their members to impose the ban, except for maintenance and continuous process work.

Unioo officials will also propose to their union executives that official support be given to workers who take other forms of industrial actioo against enforced redundancies.

"Neither will we accept the introduction of contractors without agreements," said Mr. Warburtoo. "ICI's attitude to the recession, and their automatic assumptioo that jobs must go as a result, has done more to unite our efforts than anything else could."

The GMWU said yesterday that an overtime ban imposed by process workers in ICI's Mood division four years ago resulted in a 60 per cent drop in production. With the existing fall in overtime however it seems unlikely that the new ban would have anything like such an impact.

ICI was unsure last night how the workforce would react to the uoion decision and to the overtime ban's impact.

It was surprised that the unions felt such action was necessary or appropriate

Weather

UK TODAY

MILD, CLOUDY with rain. Bright intervals, perbaps drier later.

Most of Britain

Max. temps. 10-11C (50-52F).

Aberdeen, C. Highlands, Moray Firth, NE and NW Scotland, Orkney, Shetland

Showers, rain, sunoy intervals. 7C (45F).

Outlook: Cloudy and mild, rain, becoming brighter and cooler.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	15	59	London	F	11	52
Algiers	F	17	63	L. Ang.†	Fg	11	52
Amsdm.	R	6	43	Luxmbg.	Sl	0	32
Athens	F	16	61	Luxor	S	24	75
Bahrain	S	19	66	Madrid	S	9	48
Barclna.	S	13	55	Majorca	F	16	61
Beirut	S	18	64	Malaga	S	18	66
Belfast	C	10	50	Malta	T	9	48
Belgrd.	R	4	39	M'chstr.	C	10	50
Berlin	C	3	37	Melbne.	C	40	104
Biarritz	R	10	50	Mx. C.†		—	—
Bmghm.	S	11	52	Miami†	Fg	17	63
Blackpl.	C	10	50	Milan	S	12	54
Bordx.	F	13	55	Montrl.†	C	−21	−6
Boulgn.	C	9	48	Moscow	C	0	32
Bristol	C	10	50	Munich	C	1	34
Brussels	R	5	41	Nairobi	S	26	79
Budpst.	C	5	41	Naples	C	10	50
Cairo	S	21	70	Nwcstl.	F	10	50
Cardiff	F	10	50	N York†	S	−8	18
Cas'b'ca	C	17	63	Nice	S	15	59
Cape T.	F	22	72	Nicosia	F	19	66
Chicg.†	C	−7	19	Oporto	S	11	52
Cologne	C	5	41	Oslo	S	−5	23
Cpnhgn.	C	3	37	Paris	C	8	46
Corfu	R	12	54	Perth	S	21	70
Denver†	C	10	50	Prague	C	1	34
Dublin	F	11	52	Reykjvk.	C	−1	30
Dbrvnk.	C	8	48	Rhodes	C	17	63
Ednbgh.	C	8	46	Rio J'o†		—	—
Faro	8	18	64	Rome	F	11	52
Florence	S	9	48	Salzbrg.	C	2	36
Frankft.	S	5	41	S F'cisc†	C	12	54
Funchal	F	18	64	Singapr.	F	28	82
Geneva	C	4	39	S'tiago†		—	—
Gibltr.	S	18	64	Stkhm.	R	1	34
Glasgow	R	8	46	Strasbg.	F	6	43
G'nsey	R	10	50	Sydney	F	27	81
Helsinki	Sn	1	34	Tangier	S	18	64
H. Kong	C	18	64	Tel Aviv	S	18	64
Innsbrk.	Sn	1	34	Tenerife	F	15	59
Invrnss.	R	9	48	Tokyo	S	10	50
I.o.Man	C	10	50	Toronto†	F	−10	14
Istanbul	F	15	59	Tunis	F	13	55
Jersey	C	10	50	Valencia	S	16	61
Jo'burg	F	27	81	Venice	S	8	46
L. Plms.	C	19	66	Vienna	C	5	41
Lisbon	S	14	57	Warsaw	Fg	1	34
Locarno	S	10	50	Zurich	S	5	41

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder. † Noon GMT temperatures.

THE LEX COLUMN

A gilt-edged hat trick

Index fell 1.9 to 464.6

A few days ago the monetary authorities supplied a rather droopy gilt-edged market with lots of cheap stock to revive it; now the worry is that gilts might race away over Christmas, when it is hard to issue a large restraining tap. Luckily, an ingenious answer has been supplied by the Treasury, which bas "created" three £100m tranches of existing stocks—drips or tapettes, according to taste—maturing in the 1990s. All three may ba traded ex-dividend from Monday, so the Government Broker ought to see a certain amount of demand. Some quiet funding should be dooe without all the drama of establishing a tap price.

It will be sad if this system is put away again after Christmas to let the Bank of England get back to the dreary business of issuing mega-taps. Already the device of partly-paid stocks has removed some of the lumpiness from funding, and a constaot stream of small issues could take this one stage further.

The Bank's new tactics in the money market leave the discount houses unsure that the Baok will be there at the right price when they need it. This principle of less predictable official behaviour could usefully be extended to the gilt-edged market.

S. & N. Breweries

Last year Scottish aod Newcastle Breweries showed tentative signs of moving off its profits plateau, but it has faltered again in the first half of 1980-81. At the pre-tax level there is a fall from £22.6m to £19.3m, after an interest charge up 90 per cent to £7.8m.

Around £1m of the interest charge relates to the acquisition of EMI's hotel interests, which seem unlikely to cover their financing costs until their central overheads bave been merged with S and N's original hotel division. This in turn bas been held back by weak demand at the provincial hotels and the unexpectedly long refurbishmeot of the Kensington Palace Hotel in London.

S and N's beer volume has not fallen over the summer by as much as the 3½ per cent that tha industry as a whole has suffered, so the group continues to recover market share. But this is heing achieved at the expense of margins in the cut-throat take-home trade (canned beers did not share in the group's October price rise), and easy credit terms to customers are pushing up working capital. S and N has a lot of spare capacity since it acquired Harp's Manchester brewery; it must be looking to expand its free trade in the North West of England.

That could be one source of higher earnings, as could some recovery in hotels, but a sharp fall in interest rates would be the quickest way of transforming the bottom line, now that finance charges absorb nearly a third of operating profit. For the current year, though, a fall from £39.1m to around £34m is on the cards, and the shares are now relying heavily on the 11 per cent yield at 57½p—around the price of a pint of beer, which remains a more immediately rewarding invest-

Clever wheeze

Colonial Securities, an investment trust in the Drayton Montagu stable, has come up with an ingenious scheme aimed at reducing the discount between its net asset value and the share price. The idea is to make an annual scrip issue of quoted prefereoce shares, designed to have a market value equivalent to the discount at the end of each financial year. The preference shares will be irredeemable, and will therefore not count as a distribution for tax purposes. They will hava a high coupon and a low nominal value, and so will not make too big a dent in reserves, or cost much in terms of stamp duty. But in the event of break up, they will be repaid at market rather thao nominal values.

To generate the extra income needed to service the preference, Colonial plans to switch out of overseas securities into higher yieldiog UK equities. So why oot just jump up the income on the ordinary? Colonial argues that lots of investment trusts have both good dividend records and big discounts. It hopes that by reshuffling the shareholders' paper in this way, the discount will disappear at least on that part of the package which will be valued by the market as preference stock.

It may seem simpler to wait until the law changes to allow investment trusts to buy back their own shares. But from the managers' point of view, at least, Colonial's scheme has an extra attraction, in that it does not involve any reduction in the size of the investment portfolio.

But it seems unlikely that a great number of trusts will follow Colonial's lead. For one thing, there must be a limit to the amount of preference paper that the market would willingly absorb.

Argyll Foods

The torrent of paper issues by Argyll Foods over the past two years is to be swollen by a two-for-five rights issue at 64p, raising £8m in part payment for Oriel Foods. The equity has thus risen five-fold to over 43m shares under the stewardship of James Gulliver Associates to create a broadly-based group turning over around £240m annually with profits of perhaps £5-£6m pre-tax. Shareholders, who have not subscribed for four rights issues in rapid succession, will no doubt be looking for a period of consolidation, or at least for an opportunity to assess the new shape of the group.

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V G H